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ABSTRACT

A study estimated the impacts of returning to a draft on the federal budget, the effectiveness of the active-duty force, and the civilian economy. It investigated how industrialized countries raise and manage their armed forces. Experts offered arguments on the purported advantages and disadvantages of a force comprised of volunteers only, as opposed to a mixed force of draftees and volunteers. In contrast to earlier studies that estimated higher costs for a draft, this study found that a draft would result in budgetary savings. The draft force would be much less effective because it would have 26 percent fewer careerists and 51 percent more personnel in the first 2 years of service than the current volunteer force. The draft would result in a larger pool of reservists. Another finding was that such steps as increasing the force size could be taken to counteract the loss of force effectiveness, but these measures would lower estimated budgetary savings. Updating data from previous studies showed that the costs (resources lost to the civilian economy) of a draft could range from $3 to $9 billion annually. Countries that draft were found to have experienced significant ground combat and have larger standing forces, proportionately more manpower in their armies, shorter terms of service, and more developed reserve structures than insular countries that rely on volunteers to meet manpower requirements. (YLB)

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United States General Accounting Office

GAO

Report to the Ranking Minority Member, Subcommittee on Defense, Committee on Appropriations, U.S. Senate

March 1988

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MILITARY DRAFT

Potential Impacts and Other Issues

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United States
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National Security and
International Affairs Division

B-229465

March 10, 1988

The Honorable Ted Stevens
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

Dear Senator Stevens:

As requested in your letter of February 10, 1986, we have conducted a review of the potential impacts of returning to peacetime conscription as a staffing alternative of U.S. military forces. The results of our review center around the assumptions that we, in consultation with your Office, agreed to make.

As arranged with your Office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to interested committees and other Members of Congress, the Secretary of Defense, military departments, and the Director, Office of Management and Budget. Copies will also be made available to other parties upon request.

Sincerely yours,

Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

In response to a request from the Ranking Minority Member of the Subcommittee on Defense, Senate Committee on Appropriations, GAO assessed several issues surrounding the debate over returning to a draft to help meet U.S. military manpower needs. GAO estimated the impacts of returning to a draft on the federal budget, on the effectiveness of the active-duty force, and on the civilian economy. GAO also reviewed arguments that have been made for and against a draft and an all-volunteer force and collected information on how five industrialized countries raise and manage their armed forces.

Background

The social consequences of reinstituting a peacetime draft are uncertain. A peacetime draft was in place for only a few years of this country's history. The obligation to serve was an accepted feature of American life in the 1950s and early 1960s, but the degree of acceptance changed after that. Part of the reason for the change was the growing inequity of a draft, which needed an ever smaller percentage of the increasing number of young men reaching draft age. Part of the reason, too, was growing public opposition to the Vietnam conflict. Even though future conflicts—and their popularity—cannot be forecasted, it is certain that relatively few youths would be required to serve at current force levels.

A high degree of uncertainty is also inherent in any estimates of the effect of a draft on future costs or savings and active-duty force effectiveness. The most important reason for this uncertainty is that estimates depend critically on the purpose for reinstituting a draft. Other reasons include an inability to determine exactly the nature of alternative policy actions and their consequences, the lack of consensus on measuring force effectiveness and on ways to efficiently overcome any loss of effectiveness, the necessity of certain simplifying assumptions in any analysis of this nature, and an inability to estimate the full impact on the civilian economy of returning to the draft.

To estimate the budgetary impact of returning to the draft, GAO agreed with the requester to make several assumptions, and the most important of these assumptions were the following:

- Basic pay for enlisted personnel in the first 2 years of service would be reduced by 50 percent.
- The force size would remain constant.
- Draftees would serve for 24 months.
- Reenlistment rates would be similar to those of the early 1970s (the last draft years), which were lower than current reenlistment rates.

A critical consequence of these assumptions is that active-duty force effectiveness would be reduced because

- the number of careerists (those with more than 4 years of service) would decrease substantially,
- first-termers would replace careerists, and
- some junior first-termers would replace more senior first-termers.

Results in Brief

A number of experts, including many with whom GAO consulted, believe that an analysis of budgetary impacts cannot provide a definitive basis for choosing between a draft or volunteer force as a means of raising U.S. armed forces. These experts offer many arguments on the purported advantages and disadvantages of a force comprised of volunteers only, as opposed to a mixed force of draftees and volunteers. GAO believes that these arguments must be carefully weighed before making such a critically important national policy choice.

If pay for new enlisted personnel was significantly reduced and the force size remained constant, the draft could result in considerable budgetary savings, but these savings would not be fully realized for many years. Moreover, these savings would be achieved at the price of significantly reduced active-duty force effectiveness and uncertain social consequences. Measures to offset the loss of active-duty force effectiveness could make a draft more costly than the current volunteer force. In addition, studies done by others indicate that the estimated budgetary savings could be offset entirely, or in large part, by added costs to the civilian economy.

GAO's Analysis

Advantages and Disadvantages of a Draft and Volunteer Force

Some advantages others have asserted for a draft are that it would be more equitable, since classes of individuals would not be able to evade their fundamental civic responsibilities for military service; it would reaffirm the seriousness of this country to its international commitments; it would provide a large number of reservists to augment and reinforce active forces in mobilization; and it could lower budget costs if a policy of lower pay were adopted. On the other hand, Department of Defense (DOD) officials maintain that the draft would be perceived as unfair and would lead to unnecessary resentment toward the services; a

draft would be inequitable, particularly when only a few are required to serve; and force effectiveness would decline with a draft because there would be fewer reenlistments and a concomitant loss of experience.

Some disadvantages that others have attributed to the volunteer force are its weakened war fighting and deterrent capability because of its smaller size and longer mobilization period; its lack of social and racial representativeness; its greater reliance on women; and its possible inability to meet quality requirements in the future.

DOD officials maintain that today's volunteer force is the most capable in our nation's history in terms of aptitude and education and that recent research indicates a comparably effective draft force could cost more than today's volunteer force. These officials also maintain that although recruiting may be more difficult in the future because of declines in the youth population, it will not be impossible if pay remains competitive and recruiting resources are adequate. Furthermore, recent reenlistment rates have been near historically high levels with the career force growing in size, quality, and experience. Finally, a 1984 poll (the most recent available) showed that only 24 percent of the public supported a peacetime draft, while over 80 percent were satisfied with a peacetime volunteer force.

Budgetary Impact of a Draft

The two most recent studies, before this one, estimated that a draft would likely cost about $1 billion more than the current volunteer force. However, these studies made different assumptions than those on which GAO agreed to base its analysis. Given these assumptions, a draft could result in budgetary savings of $1.4 billion in the first year and $7.8 billion annually (in 1987 dollars) in the long run.

Impact on Active-Duty Force Effectiveness

The draft force under the assumptions that result in the $7.8 billion savings would be much less effective because it would have 26 percent fewer careerists and 51 percent more personnel in the first 2 years of service than the current volunteer force. The draft force would require a degree of reliance on less-experienced personnel that has not been observed since the Vietnam era. However, the draft would result in adding an estimated 130,000 reservists each year to the pool of pretrained personnel available for mobilization.

Cost of Counteracting the Loss of Effectiveness

Steps, such as increasing the force size, could be taken to counteract the loss of force effectiveness, but these measures would lower estimated budgetary savings. If it is assumed that 12 months of experience is required for new service members to become fully effective in their occupations, such measures might reduce GAO's estimated annual budgetary savings to about $4 billion. In addition, if 24 months of experience is required for full occupational effectiveness, these measures might even increase budgetary costs by as much as $2.6 billion each year.

Costs to the Civilian Economy

Although GAO did not independently estimate the magnitude of the economic costs (resources lost to the civilian economy) of a draft, updating data from previous studies showed that the costs could range from about $3 billion to $9 billion annually.

Force Manning in Other Countries

GAO found that countries that draft (West Germany, France, and the Soviet Union) have experienced significant ground combat and therefore have larger standing forces, proportionately more manpower in their armies, shorter terms of service, and more developed reserve structures than insular countries (Canada and the United Kingdom) that rely on volunteers to meet their manpower requirements. In contrast to the 24 months of active service GAO assumed for U.S. draftees, the current draftee term of service is 12 months in France and 15 months in Germany.

Recommendations

There are many economic, social, and public policy issues that must be considered in reaching a decision to return to a draft. Therefore, GAO is not making recommendations in this report. The report should prove useful, however, as a source of information and as a basis for further debate on these issues.

Agency Comments

DOD reiterated its arguments against a peacetime draft, which were summarized previously and described in chapter 2 of this report. DOD's comments are in appendix II.

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Abbreviations

DOD	Department of Defense
GAO	General Accounting Office
NATO	North Atlantic Treaty Organization
PCS	permanent-change-of-station
RMC	regular military compensation

Introduction

The United States has used a draft to help raise armed forces for about 38 of the more than 200 years of its existence as a country, with a peacetime draft in place for less than half of those 38 years. The longest uninterrupted period of peacetime conscription was from 1954 to 1964. Because a peacetime draft was in place for such a short time, there is little basis for judging the social consequences of returning to a draft.

In the immediate post-World War II era, most Americans accepted the necessity for a draft. The postwar view of America's role in the world, combined with rising Cold War tensions and the Korean War, created a need—for the first time in the country's history—for a large peacetime standing force. This need coincided with a significant decline in the number of youth reaching draft age, a decline resulting from reduced birth rates during the depressed economic conditions of the 1930s.

The coincidence of these two developments—America's role in the world and demographic trends—created a positive public sentiment toward the military and a need for large numbers of youth to serve. In 1956, over 75 percent of the public supported the draft. Of those reaching age 26 in 1958, about 70 percent had served in the military.

As the postwar baby-boom generation began reaching draft age in the mid-1960s, though, it became clear that only a small percentage of the youth population would be required for military service. At pre-Vietnam forces levels, only 34 percent of the men reaching age 26 in 1974 would have been required to serve, as opposed to the 70 percent of men reaching age 26 in 1958 who had served.

The inequities created in deciding who should serve, when relatively so few did serve, combined with growing public opposition to the Vietnam conflict, created significant social disruptions during the last years of the 1960s. During the 1968 presidential campaign, then-candidate Richard Nixon proposed to end the draft once this country's involvement in Vietnam ended. In arguing for the proposal, he cited changes in conditions since initiation of the draft before World War II, inequities of the existing draft, and fundamental opposition of the draft to principles of individual liberty.

With the end of our involvement in Vietnam and the enactment of significant pay raises to attract volunteers, legislative authority for the draft

was allowed to lapse in July 1973.[1] The services had somewhat mixed, but generally positive, success attracting volunteers during the first several years after the draft ended. However, the recruiting situation deteriorated rapidly beginning in 1977. In fiscal years 1975 and 1976 the services had actually exceeded their numerical goals for recruiting volunteers with no service experience, yet by 1979 they were achieving only 90 percent of this goal. Moreover, the quality of new recruits declined significantly. In 1975 and 1976, about 5 percent of new recruits were in the lowest legally permissible category of mental ability. By fiscal year 1980, over 35 percent were in this category. The Army, with the largest need for new recruits, was doing much worse than even these figures indicate.

The highly publicized recruiting problems of the late 1970s coupled with substantial declines in career reenlistments—defined by the Department of Defense (DOD) as second and subsequent reenlistments—led many to believe that the all-volunteer force had failed. Even though a number of explanations have been offered for the recruiting and retention problems,[2] these problems fueled the debate on whether this country should return to the draft to help raise its armed forces.[3]

Although the volunteer force has had few recruiting or retention problems since 1980, the debate has continued. Among other reasons the debate has continued is a concern over affordability. Total defense costs—measured in 1986 dollars—have risen about 50 percent since 1980. The real increase in average active-duty personnel costs since then

[1]The most important arguments and analyses bearing on the decision that led to elimination of the draft are contained in Burke Marshall, Chairman, National Advisory Commission on Selective Service, Pursuit of Equity: Who Serves When Not All Serve? Washington, D.C.: 1967; Thomas Gates, Chairman, Report of the President's Commission on an All-Volunteer Armed Force Washington, D.C.: Feb. 1970, and Studies Prepared for the President's Commission on an All-Volunteer Armed Force, Vols. 1 and 2, Washington, D.C.: Nov. 1970; Thomas D. Morris, Assistant Secretary of Defense (Manpower), Testimony Before the House Committee on Armed Services, June 30, 1966; and Richard M. Nixon, "The All-Volunteer Armed Force," address on the CBS Radio Network, Oct. 17, 1968.

[2]Among the explanations offered for the problems experienced in the late 1970s were (1) a substantial decline in military wages compared with civilian wages and (2) technical problems with the military screening test, which prevented a realistical assessment of new recruits.

[3]See James Fallows, National Defense, New York: Random House, 1981; Andrew J. Goodpaster and Lloyd H. Elliot, Co-Chairmen, Toward a Consensus on Military Service, New York: Pergamon Press, 1982; America's Volunteers: A Report on the All-Volunteer Armed Forces, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), Dec. 31, 1978; Richard V.L. Cooper, Military Manpower and the All-Volunteer Force, R-1450-ARPA, Santa Monica, Calif.: Rand, Sept. 1977; Martin Anderson, ed., The Military Draft, Stanford, Calif.: Hoover Press, 1982; Caspar Weinberger, Chairman, President's Military Manpower Task Force, Washington, D.C.: U.S. Government Printing Office, Nov. 1982.

has been about 10 percent. Another issue in the debate is the demographic outlook, which is dominated by a 17-percent decline in the number of 18-year-old males from 1988 to 1992, which comes on top of an 11-percent decline in this age group since 1979.

Uncertainties Involved in Estimating the Impacts of a Draft

A high degree of uncertainty is inherent not only in judging the social consequences of returning to the draft but also in estimating its effects on future costs or savings and on changes in active-duty force effectiveness. This uncertainty is present for several reasons. The most important reason is that estimates depend critically on the reason for reinstituting a draft. For example, if the reason for reinstituting the draft were to provide a large ground-combat force capable of using sophisticated weapons to prevent or fight a conventional conflict, the estimates could well be different from those that would result if the reason were to obtain budgetary savings.

Other reasons for the uncertainty associated with estimating the impact of a future draft include

- an inability to precisely estimate the nature of alternative policy actions (e.g., whether there would be a pay cut and whether it would apply only to draftees or to other first-term and initial-obligation personnel as well) and their consequences (e.g., the degree to which a pay cut would affect recruiting),
- the lack of consensus on criteria for force effectiveness and ways to efficiently overcome any loss of effectiveness,
- the necessity for certain simplifying assumptions in any analysis of this nature (e.g., estimating the cost of raising an enlisted force without explicitly considering how the force is to be allocated among services and among occupational specialties), and
- an inability to take into account all DOD and other government programs whose budgets could be affected by a return to the draft (e.g., the cost of manning the officer corps and the reserves).

Objectives, Scope, and Methodology

Our work was done at the request of the ranking minority member of the Subcommittee on Defense, Senate Committee on Appropriations, who was concerned about the extent of budgetary savings that might result from reinstituting conscription and substituting conscripts for more experienced personnel. Many assumptions were required to estimate budgetary savings. As agreed with the requester's office, we made

assumptions that allowed us to base our estimates on historical experience to the maximum extent possible. The most important of these assumptions, many of which have been made in studies such as ours, were that first-term pay would be reduced by 50 percent, force size would remain constant, draftees would serve for 24 months, and reenlistment rates would be similar to those during the last years of the draft. Because active-duty force effectiveness would be reduced as a result of these assumptions, we also estimated the budgetary impact of increasing the size of the draft force to overcome the loss of effectiveness.

We also agreed with the requester's office to (1) update previous estimates of the economic costs of the draft, (2) identify arguments others have made about the advantages and disadvantages of a draft and an all-volunteer force, (3) survey force management policies in other countries, and (4) omit issues relating to national service from the scope of our work. We did not verify the accuracy of data others presented in support of their arguments nor did we validate previous estimates of economic costs. We also consulted six defense manpower experts on the design of our budgetary analysis, four of whom also provided comments on our draft report.

Our work was conducted between March 1986 and August 1987 in accordance with generally accepted government audit standards. To avoid duplication of effort, we did not begin our work on estimating the impacts of a draft on the federal budget, the economy, and active-duty force effectiveness until a similar study performed for the Joint Chiefs of Staff was completed in August 1986.

Chapter 2

Advantages and Disadvantages of a Draft and an All-Volunteer Force

Some experts, including many with whom we consulted, believe that an analysis of budgetary impacts cannot provide a definitive basis for choosing between a draft or volunteer force as a means of raising U.S. armed forces. These experts offer many arguments on the purported advantages and disadvantages of a force comprised of draftees and volunteers versus a force comprised of volunteers only. We did not attempt to evaluate these arguments, but we do believe that they must be carefully weighed before making such a critically important national policy choice.

To simplify presentation of the arguments for the draft and against the volunteer force, we summarized a relatively recent analysis by John G. Kester,[1] which was the most comprehensive recent presentation of the arguments collectively identified in other material we reviewed.[2]

To simplify presentation of the arguments for the volunteer force and against the draft, we summarized arguments made in the Secretary of Defense's fiscal year 1988 annual report; testimonies by the Principal Deputy Assistant Secretary for Force Management and Personnel before the Subcommittee on Defense, House Committee on Appropriations, in February 1987 and before the Subcommittee on Manpower and Personnel, Senate Committee on Armed Services, in March 1987; and the 1982

[1]John G. Kester, "The Reasons to Draft," in The All Volunteer Force After A Decade, ed. by William Bowman, et al., McLean, Va.: Pergamon-Brassey's, 1986. Kester was the Deputy Assistant Secretary for Army Manpower and Reserve Affairs at the time the decision was made to abandon the draft and later was a Special Assistant to the Secretary and the Deputy Secretary of Defense. His recent public service includes serving on President Reagan's Commission on Chemical Warfare and on Nancy Reagan's Commission on Drugs. He was recognized by then Senator Barry Goldwater as one of six key former defense officials who assisted in preparation of the Goldwater-Nichols DOD Reorganization Act of 1986 (P.L. 99-433).

[2]These arguments can be found in Arthur T. Hadley, The Straw Giant, New York: Random House, 1986; Stanley R. Resor, "Commentary," in The All Volunteer Force After A Decade, ed. by William Bowman, et al., McLean, Va.: Pergamon-Brassey's, 1986; Martin Binkin, America's Volunteer Military, Washington, D.C.: Brookings Institution, 1984; James L. Lacy, "Whither the All-Volunteer Force," Yale Law and Policy Review, Vol. 5, pp. 45-58; Eliot A. Cohen, Citizens and Soldiers, Ithaca, N.Y.: Cornell University Press, 1985.

report of the President's Military Manpower Task Force.[3] Others besides the DOD have argued for the volunteer force and against the draft.[4]

We have not verified the accuracy of the data presented in support of these arguments, and we intentionally have not taken a position on their merits. Additionally, we have not attempted to force the arguments into a "point-counterpoint" format because they have not always addressed the same points in the same way. Our purpose is simply to summarize those issues that others have considered central to any debate about the draft.

Arguments Against the Volunteer Force

Criticisms that others have made of the all-volunteer force can be categorized into six areas: (1) weakened war fighting and deterrent capability, (2) lack of social and racial representativeness, (3) lack of a military community, (4) excessive reliance on women, (5) higher costs, and (6) threats to manpower quality in the future.

War Fighting and Deterrent Capability

The volunteer force would experience problems in quickly mobilizing for a serious conflict, despite planned activation of the Selective Service System and use of the reserves in the meantime, for the following reasons.

- Local draft boards are not in place, and Selective Service System registrants are not currently classified in terms of their fitness to serve.
- New inductees could not be trained quickly enough to make a difference in a major conflict. (During World War II, it took 7 months to put the first draftees in the field, even with the induction system in place and operating.)
- The reserves, who would augment the active forces in the event of mobilization, have rarely been called up in significant numbers. The number of reserve positions has been difficult to fill, training has been inadequate, and the mix of critical skills has been out of balance. The

[3]The President's Military Manpower Task Force was convened in 1981 to review the then current manpower situation and examine prospects for meeting higher military strengths planned through fiscal year 1987 without resorting to conscription. The Task Force consisted of the Secretaries of Defense and of the Military Departments, the National Security and Policy Development Advisors, the President's Counselor, the Director of the Office of Management and Budget, and the Chairman of the Council of Economic Advisors.

[4]The most comprehensive recent collections of these arguments are Martin Anderson (ed.), The Military Draft, Stanford, Calif.: Hoover University Press, 1983, and William Bowman et al. (eds.), The All Volunteer Force After A Decade, Washington, D.C.: Pergamon-Bassey's, 1986.

number of Individual Ready Reservists who would provide filler personnel for both active and reserve component units has also dwindled in quantity[5] and probably quality and training as well.

An important aspect of our ability to deter war is the size of our forces. Yet the tendency of volunteer forces has been to shrink in size. From 1964 to 1984 the number of active duty personnel declined by 19 percent. This shrinkage is partly due to greater manpower efficiency (fewer personnel are involved in such overhead activities as training), improved weapons capabilities, and the competition for funds to pay for manpower, weapons, and equipment.

No one can prove exactly how large our armed forces need to be. Most attempts to derive the appropriate size conclude that the forces we have are far too small already, given the current levels of defense burden sharing among our allies and the contingencies envisioned. In the absence of quick expansion capability, the volunteer force should be somewhat larger in peacetime than a draft force.

Social and Racial Representativeness

The volunteer force is not socially or racially representative of the country, particularly in the combat units of the Army. For example, 1983 statistics show that blacks comprise about 13 percent of the U.S. population, while they comprise about 23 percent of Army recruits with no previous military experience. Even these statistics mask the growing numbers of other minorities in the enlisted force. In total, minorities are estimated at about 40 percent of the Army active enlisted force.

Also, in the event of mobilization, the first casualties, as well as combat replacements, would be disproportionately black because blacks comprise between 26 and 41 percent of the units likely to experience combat (such as the 2nd Infantry Division, the 1st Cavalry, and the 82nd Airborne Division).

The volunteer force is also unrepresentative in that it fails to attract a sufficient number of youth from the middle and upper classes into the enlisted ranks, thus creating a force that is more economically disadvantaged than the rest of society as a whole.

[5]The size of the Individual Ready Reserve will increase as a result of authority granted in the early 1980s to extend the military service obligation from 6 to 8 years, but this extension will also increase members' average age and time since active duty.

Sense of Military Community

High pay for the first-term volunteer force has contributed, in part, to an increasing number of marriages and an increasing number of first-termers choosing to live out of the military community. While families are stabilizing factors, they are also a mobilization and readiness problem. When pay was lower in the past, larger numbers of junior service members were single and consequently lived with their units on post. Living together caused unit camaraderie and esprit de corps to be higher than it is today when so many junior personnel live in the civilian community.

Reliance on Women

While women have enabled the services to meet recruiting goals in the volunteer environment, this contribution has come at the cost of (1) driving military planners toward assignment decisions that they might not ordinarily make and (2) possibly adversely affecting military morale and readiness. Women are, on the average, smaller and not as strong as men; they have a higher rate of first-term turnover; and they take more time off from duty for medical reasons (though less than men for substance abuse and disciplinary reasons).

Cost

A disadvantage of the volunteer force is the high cost of attracting first-term personnel, which makes it impossible to significantly increase the force size. Manpower must compete with other aspects of the defense budget. Thus the costs for additional personnel would come from other parts of the budget. Consequently, fewer weapons and less support can be procured within a given budget under a volunteer force than under a draft.

Future Manpower Quality

The force quality may be lower in the future because of past reactions to recruiting difficulties, the historical inconsistency in congressional and administration support for defense, and a 23-percent decline in the prime recruiting market from 1979 to 1996. This decline will result in the need for the armed services to recruit a higher percentage of qualified and available males.

In the past, when recruiting became difficult, entrance standards were lowered. In particular, from 1960 to 1981, the proportion of the Army's active enlisted recruits with some college education declined from nearly 30 percent to nearly 0 percent. In addition, in 1979, 42 percent of the Army's recruits were in the lowest mental category and 50 percent of its recruits had not completed high school.

Arguments for the Volunteer Force

DOD supports the all-volunteer force in peacetime. In its view, the all-volunteer force is better than a drafted force when it comes to meeting recruiting and retention objectives with young men and women of unprecedented high quality. It deems the current volunteer force to be the most capable in history in terms of aptitude, education, and commitment to the defense of our nation. DOD attributes the force's success to programs introduced by the current administration and the Congress to improve compensation and quality of life, coupled with adequate recruiting resources and the restoration of a sense of pride and dignity to military professionalism.

DOD maintains that it can continue to attract higher quality volunteers than could be achieved with a draft representative of the U.S. population, as long as pay for service members remains fair and competitive, and recruiting resources remain adequate.[6]

Recruiting

In fiscal year 1986, all services met or exceeded their overall enlistment objectives. Recruit quality, which is defined in terms of educational attainment and aptitude test scores, was at historically high levels. Recruits with high school diplomas increased from 72 percent during the 1964-73 draft period to 92 percent in 1986. Also, 96 percent of the new recruits in 1986 scored average or above on tests of trainability.

DOD maintains that the recruiting outlook needs to be viewed from the perspective of previous successes and failures. The largest proportion of qualified men for the all-volunteer force was needed in 1974, which was a very good year in terms of recruiting results. The smallest proportion was needed in 1979, which was a year when the services failed to meet their recruiting objectives. Since 1979, the 18-year-old male population has declined by 17 percent; nonetheless, recruiting objectives have been met each year, and quality has improved as well. Among the reasons DOD sees for recent successes are (1) improved pay, quality of life, and public attitudes, (2) longer enlistments and improved retention, which result in smaller recruiting requirements, (3) additional recruiting resources, and (4) increased utilization of women.

[6]A March 1987 Congressional Budget Office staff paper (Richard L. Fernandez, The Youth Population Decline and Prospects for Military Recruiting in the 1990s) projected that two-thirds of the 15-percent decline in the enlistment age population from fiscal year 1986 through the mid-1990s could be offset by maintaining comparability of military and civilian pay and the current level of recruiting effort. However, the paper did note high uncertainty about projections of future staffing success.

Retention

In the last several years, reenlistment rates of the all-volunteer force were near historically high levels with the career force growing in size, quality, and experience. After a drop in fiscal year 1985, first-term retention improved for three of the four services in 1986 and was up from the lower rates experienced by the services in 1978 through 1981.

Arguments for a Draft

According to proponents, a draft has several advantages, such as greater equity, communication of our national resolve, improved mobilization capability, enrichment of the experience base of both the military and society, and reduced costs. Further explanation of these advantages follows.

- A draft would be more equitable, since it could be designed to prevent those who are more fortunate from opting out of their basic civic responsibilities of providing military service.
- A draft would reaffirm the seriousness of our commitment to international security to those who believed that the abolishment of the draft in the 1970s signaled a declining resolve to pursue conventional security.
- With a draft in place, adequate numbers of reservists would be available to augment and to reinforce active forces in the event of mobilization, and the pool of pretrained personnel would expand.
- A draft would also expand the base on which both the enlisted force and the officer corps now draws, enriching both the military and society.
- Budget costs of a draft would be lower than that of a volunteer force if a policy of lower pay for draftees were adopted.

Arguments Against a Draft

Although DOD recognizes that a major war would require prompt reactivation of the draft, it opposes a peacetime draft because it believes that (1) a draft would be no more representative, (2) the cost of a draft would not necessarily be less, (3) the public does not support a draft, (4) the draft would present political, social, and legal problems, (5) the draft would require more manpower, and (6) the draft would reduce force effectiveness.

Representativeness

A draft would not necessarily be more representative than the volunteer force if the kinds of exemptions that existed in the past were continued. Furthermore, perfect representativeness, which would exist only if the services consisted of the same proportion of individuals in terms of race, gender, class, age, and mental ability as the general population, would be undesirable. If the services were to be truly representative, they

would have to have a larger number of lower-mental-ability individuals, more women in uniform, and more older individuals than they now have.

Cost

Despite several attempts to quantify the true cost of the volunteer force, no evidence exists to show that a return to the draft would save money because no one is quite sure how to distinguish cost growth of the volunteer system from cost growth that would have occurred if the United States had retained the draft.

Direct manpower costs of the volunteer force have grown about $5 billion in real terms since 1974, but this growth is the result of changes in force structure and increases in the military compensation package.[7] Finally, factors leading to increased pay of military personnel such as the introduction of annual military pay increases in the mid-1960s and the Rivers Amendment of 1967, which required that military pay increase at the same rate as federal civilian employees, existed before the volunteer era.

Public Support for a Draft

The draft lacks public support. In 1984, an opinion poll showed that only 24 percent of the public supported a peacetime draft. The poll also showed that over 80 percent of the public was satisfied with the peacetime volunteer force.

Political, Social, and Legal Problems

The draft would present a number of political, social, and legal problems including (1) the potential divisions in public opinion on the merits of reinstituting a draft, (2) the question of equity, since only a portion of the eligible pool of males may be required to serve, (3) the lack of clarity on how the courts would view conscientious objector claims based on nonreligious beliefs or other nontraditional grounds, and (4) the fact

[7]In 1978, we estimated that $15 billion of the $18.5 billion increase in costs associated with moving from a draft to a volunteer force was due to increases in the compensation package (FPCD 78-11, Feb. 6, 1978). DOD agreed that the major costs of the volunteer force was the passage of a pay raise for junior personnel in 1971 (P.L. 92-129) and that it was appropriately included in our estimate because the transition to a volunteer force was a major impetus for its passage. The services argued that the 1971 pay raise should not have been included. DOD did argue that the additional compensation costs should be reduced by $3 billion as a result of additional income tax revenues and reduction in food stamp expenditures for military personnel. Even though we agreed that there would be offsetting savings, the actual amounts could not be determined, and DOD's estimates were not supported by the facts.

that many who do not want to serve will have to, while qualified volunteers who wish to serve will not be able to, which will consequently lead to unnecessary resentment toward the military and lower morale and esprit de corps within the services.

Personnel Turnover

Successful military operations are heavily dependent on training and teamwork, both of which are adversely affected by personnel turnover. With draftees and their shorter service obligations, the level of unit stability—a critical requirement for developing team work—is significantly lower than for volunteers who serve comparatively longer enlistments. Training is a particularly troublesome problem with draftees who are assigned to jobs requiring complex skills, since the longer time required for training reduces the time available for service in operational units.

Manpower Requirements

A draft would require more manpower, since draftees serve shorter terms and are less likely to reenlist. As more draftees are brought into the service, the population of trainees would swell, requiring an expansion of the career force to properly man the training base.

Force Effectiveness

Even if a draft could be designed to exclude lower quality individuals, it would still reduce force effectiveness because draftees and draft-motivated volunteers are less inclined to reenlist. With fewer reenlistments and fewer careerists spread over a large number of jobs, the experience level of the force would be reduced, thereby decreasing the readiness of the force.

Estimated Impacts of a Draft

As a part of estimating the potential budgetary effects of returning to a draft, we reviewed many studies conducted since 1966 that compared the cost of a draft force with that of a volunteer force. These studies provide a wide range of cost estimates, largely due to the authors' using different assumptions. We could not reconcile these estimates, since the documentation available for estimates varied. We also developed our own estimates of the budgetary effects of returning to the draft, using the assumptions we agreed to with the requester.

Our assessment of the impact on active-duty force effectiveness of returning to a draft was based on the opinions of experts who indicated that the draft would produce a reduction in the experience level of the active force with a likely reduction in effectiveness. To illustrate this reduction, we performed analyses to determine how much larger a draft force would have to be in order to be as effective as the current all volunteer force.

Studies performed over the past 20 years formed the basis of our estimate of the cost of drafting military personnel in terms of resources lost to the civilian economy. Experts have argued that this cost, along with any budgetary savings, are appropriate measures of the total cost of volunteer and draft forces.

Previous Budgetary Estimates

Over the last two decades, eight major studies have compared the costs of raising a draft force with the costs of an all-volunteer force. The early studies estimated the budgetary impact of going from the draft to the volunteer force; more recent studies estimated the impact of going from a volunteer to a draft force. However, most of the studies are what force planners call "steady-state" analyses in that they disregard changes in cost and force structure during any transition period and focus on long-run changes entailed in a draft or volunteer force, making the direction from which the analysis is viewed irrelevant. Consequently, both the early and recent studies can be compared. These studies are summarized in table 3.1.

Table 3.1: Previous Estimates of Annual Budgetary Effects of a Draft

Dollars in billions

Study	Estimated budgetary effects[a]	
	Then-year dollars	1987 dollars
DOD (1966)[b]	$5.4	$15.7
Gates Commission (1970)[c]	2.1	5.4
Rand Corporation (1970)[d]	2.1	5.4
DOD (1978)[e]	0.2	0.4
General Accounting Office (1978)[f]	3.3	6.0
Congressional Budget Office (1982)[g]	1.1	1.3
Military Manpower Task Force (1982)[h]	(1.0)	(1.2)
Syllogistics, Inc. (1986)[i]	(1.6)	(1.6)

[a]Parentheses around numbers indicate that the draft force is expected to cost more than the volunteer force. Several of the studies presented a range of estimates corresponding to different sets of assumptions. In these cases, estimates based on intermediate assumptions are reported here.

[b]Unpublished 1966 DOD study cited by the Gates Commission.

[c]Thomas Gates, Chairman, Report of the President's Commission on an All-Volunteer Armed Force, Washington, D.C., Feb. 1970.

[d]S.L. Canby and B.P. Klotz, The Budget Cost of a Volunteer Military, RM-6184-PR, Santa Monica, Calif.: Rand Corporation, Aug. 1970.

[e]America's Volunteers: A Report on the All-Volunteer Armed Forces, DOD, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), Dec. 31, 1978.

[f]Additional Cost of the All-Volunteer Force, GAO, FPCD-78-11, Feb. 6, 1978.

[g]Reducing the Federal Deficit: Strategies and Options, Part III, Congressional Budget Office, 1982, pp. 48-49.

[h]A Report to the President on the Status and Prospects of the All-Volunteer Force, Military Manpower Task Force, Nov. 1982.

[i]The Differential Budget Costs of Conscription-Based Alternatives to the All-Volunteer Force, Syllogistics, Inc., Springfield, Va., Aug. 1986.

These studies arrived at widely varying conclusions largely because they used different assumptions. For instance, the 1978 DOD study assumed that all personnel would be paid the same under the draft as under a volunteer force, whereas the two most recent studies—the Syllogistics, Inc., study, performed for the Joint Chiefs of Staff, and the Military Manpower Task Force study—assumed that first-term personnel would be paid substantially less under the draft. In addition, the two most recent studies assumed that the draft would be accompanied by a return to a relatively generous postservice educational benefit program, whereas the others assumed that then-existing educational benefit programs would not be altered.

Most of the studies concluded that the draft would have lower budgetary costs than the volunteer force. However, the most recent studies concluded that returning to the draft would actually result in an increase in budgetary costs in excess of $1 billion.[1] The principal reasons for this difference were assumptions about postservice educational benefits and force size under the draft. The Military Manpower Task Force study assumed that the force would grow by about 40,000 personnel to handle the training of additional accessions needed because of the short service of draftees and the reduced likelihood of draftee reenlistment. The Syllogistics study assumed that the first-term force (defined by DOD as those with 4 or less years of service) would grow by as much as 265,000 under the draft to maintain the career force at current, historically high levels. The other studies assumed that the career force would be reduced.

Analysts from Syllogistics and the Organization of the Joint Chiefs of Staff told us that they believed that a comparison of the draft and volunteer forces would be invalid unless the force was assumed to have the same number of careerists under both options because first-term personnel could not be substituted for careerists without sacrificing force effectiveness. Many of the experts with whom we spoke pointed out that the proportion of career personnel was lower during periods of conscription than it is today. For example, careerists currently make up about 50 percent of the volunteer force; in the early 1960s they made up 41 percent of the active enlisted force; and during the Vietnam era they were less than 37 percent of the enlisted force. Based on this historical experience, these experts believed that the current proportion of career personnel would not likely be maintained in any future draft.

Our Analysis of Budgetary Effects

Because of differences in results, the lack of complete documentation in the previous studies, and the fact that none of the previous studies used all the assumptions we agreed to use, we made our own estimate of long- and short-term budgetary impact that could result from a return to a draft. We also did sensitivity tests to determine the extent to which our findings were dependent on our assumptions. These tests were done by varying one or more of the assumptions, while holding the others constant, and by recalculating the effects on force structure and cost.

[1]The Syllogistics estimate is based on the principal set of assumptions adopted by the authors of the study. Using different assumptions, Syllogistics produced estimates ranging from savings of $925 million to an additional cost of $2.5 billion from reinstating the draft.

Specific Assumptions

We did analyses of both the steady-state and the transition period and made assumptions about the features of a future draft, the effects of the draft on accession and retention rates, and the administrative and related costs of returning to a draft. Where appropriate, we assumed that the features of a future draft would resemble the draft in place during the early 1970s.

Our specific assumptions were as follows:

- The services would maintain current enlisted end strength (about 1.85 million).
- Draftees would serve for 24 months.
- Basic pay for all first-term personnel would be cut by 50 percent from current levels ($608) for the first 2 years of service and by 25 percent for the third and fourth years.[2]
- Compensation for careerists would not change from its current level.
- Expenditures on recruiting and advertising (apart from enlistment bonuses) would be reduced to what they were during 1964 (inflated to 1987 dollars), which was the last time a peacetime draft was in place.
- Enlistment bonuses would be eliminated.
- The draft would be implemented at the start of fiscal year 1988.

We made the following assumptions regarding the likely effects of a draft on accession and retention rates.

- First-term attrition rates under the draft for both volunteers and draftees would be similar to those prevailing during the early 1970s.
- First-term reenlistment rates for true volunteers (as opposed to those who volunteer only to avoid the draft) would be similar to current reenlistment rates.
- For every draftee, there would be one draft-motivated volunteer.[3] First-term reenlistment rates for draftees and draft-motivated volunteers would be similar to reenlistment rates observed for equivalent groups

[2]These reductions in basic pay translate into a 27-percent reduction in the present value of first-term regular military compensation (RMC), which is defined in law as basic pay, the nontaxable allowances for quarters and subsistence, and the tax advantage of these allowances. DOD considers RMC to be the military equivalent of civilian salary. The 50-percent reduction for the first 2 years would approximately restore the ratio of military to civilian pay in effect during the last draft.

[3]Previous studies have shown that draft calls induce higher levels of enlistments. This occurs because many young men prefer the advantages of volunteering over being drafted, such as the greater freedom of enlistees to choose their occupational specialties. Our assumption is based on the studies done mostly during the Vietnam era. In a peacetime draft, the incentive to enlist to avoid combat-related occupations is likely to be weaker. However, sensitivity tests show that this assumption has only a modest effect on our estimates (see p. 17).

that entered in the early 1970s, which was about 4 percent for draftees and 11 percent for draft-motivated volunteers.

- A labor supply elasticity of 1.25 was used to estimate the reduction in the number of volunteers associated with the cut in pay and bonuses under the draft.[4]
- The continuation rates of careerists under the draft would be similar to average continuation rates for careerists over the past 7 years after the first-term reenlistment point.

We also made the following assumptions regarding the administrative and related costs of a return to the draft.

- The costs of training and processing would increase proportionally with the number of accessions.
- The enlisted grade distribution would be revised downward to reflect the greater prevalence of first-term personnel so that the rate of promotion would be held constant.
- Spending on postservice educational benefits would increase in proportion to the number of accessions.
- Spending on reenlistment bonuses and retirement benefits would decline in proportion to the reduction in the size of the career force.
- There would be costs associated with the operation of the Selective Service System, and officials of the Selective Service supplied us with an estimate of these costs.

Long-Term Budgetary Savings

Using these assumptions, we estimate that long-term budgetary savings would be $7.8 billion a year in 1987 dollars, which is the net effect of an estimated reduction of $8.7 billion in defense outlays and an estimated reduction of $900 million in federal income tax revenues.[5] The largest portion of these savings would result from the reduction in basic pay for first-term personnel and the substitution of first-term personnel for

[4]An elasticity relates percentage change in compensation to percentage change in enlistment levels. For instance, our assumed elasticity of 1.25 implies that a 10-percent cut in compensation will cause enlistments to drop by 12.5 percent. The most comprehensive recent studies have found elasticities in the range of 1.0 to 2.0. We assumed the same elasticity as the Gates Commission because, as one analyst said after reviewing over 20 elasticity studies, "the Gates Commission results on the effects of pay have stood the test of time." (See Gary Nelson, "The Supply and Quality of First-Term Enlistees Under the All-Volunteer Force," in The All-Volunteer Force After A Decade, ed. by William Bowman, et al., Washington, D.C.: Pergamon-Brassey's, 1986.)

[5]In calculating the net budgetary impact we have included estimates of both the effect on defense outlays and the effect on federal income tax revenues, but we have excluded other possible effects, including the effect on federal payroll tax receipts. We adopted this practice to make our results comparable with those of Syllogistics, Inc., and the Gates Commission, which followed the same practice.

careerists. An estimated 237,000 first-termers would be substituted for careerists, and an estimated 115,000 would need to be drafted.[6]

The second largest source of savings would result from reduced outlays for military retirement, which would result from a smaller career force. Other sources of savings would include eliminating enlistment bonuses, reducing reenlistment bonuses, and spending less on advertising and recruiting.[7]

Offsetting these savings would be increases in several other cost factors. The largest of these factors, lost income tax revenues, would result from first-term personnel being paid less and being substituted for careerists. Although this loss would not be a cost to DOD, reduced federal tax receipts are equivalent to an outlay of general treasury funds by the federal government.

The second largest source of offsetting costs would be increased training expenditures required because the draftee term of service is only 2 years. Other sources of cost would include activation of the Selective Service System and such accession-related costs as travel to the military enlistment processing stations.

As in almost all previous studies, we did not consider other factors that could affect the cost of the draft, largely because of data limitations. These factors include the costs civilian agencies would incur in enforcing draft laws, the possible cost to the services of dealing with more disciplinary problems, and the possible increase in permanent-change-of-station (PCS) costs associated with a larger number of personnel serving shorter tours.

Table 3.2 itemizes the areas in which we expect costs either to decrease or to increase if a draft were implemented.

[6]Drafting 115,000 each year is equivalent to 1 out of every 14 males aged 19 in 1993, which is when this group is at its smallest. About 60 percent of this group would be qualified for service based on existing mental, physical, and moral criteria, so 1 out of every 9 qualified males would need to be drafted that year.

[7]One expert who commented on a draft of this report questioned whether, in any future draft, enlistment bonuses would be eliminated and reenlistment bonuses would be held to the current per capita level. He believes that the services need enlistment bonuses to induce high-quality personnel to sign up for long first-term contracts in skills requiring lengthy and expensive training. He also believes that the Navy and Air Force, in particular, would need an increased level of reenlistment bonuses, rather than a constant level, to attract skilled personnel into the career force. The two most recent studies on the draft raise similar issues. To some extent, we address these issues in our analysis of effectiveness (see p. 22).

Table 3.2: Our Estimate of Long-Term Budgetary Savings of Returning to the Draft

Dollars in millions

Savings category	Savings or (costs)[a]
Regular military compensation	$6,601.4
Enlistment bonuses	90.1
Other recruiting resources	669.1
Reenlistment bonuses	183.0
Retirement benefits	2,011.8
Selective Service System	(183.8)
Training costs	(386.3)
Other accession-related costs	(18.3)
Educational benefits	(294.2)
Lost income tax revenues	(884.9)
Total	**$7,787.8**

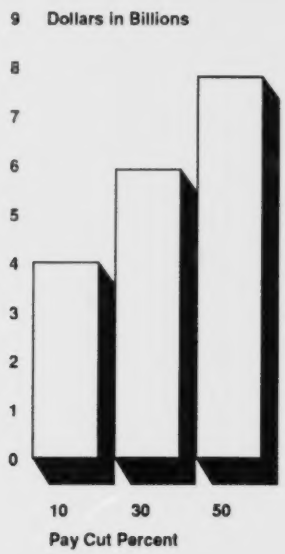
[a]Parentheses around numbers indicate that the draft is expected to result in higher costs than the volunteer force. Total is affected by rounding.

We performed several analyses to determine how sensitive our estimates were to the assumptions we made. As figure 3.1 shows, the estimated budgetary savings are sensitive to the size of the assumed cut in basic pay. For example, we estimate that a 10-percent pay cut, holding all the other assumptions constant, would lead to net long-term budgetary savings of $4 billion, with 190,000 first-termers substituted for careerists and 69,000 draftees needed.

Our estimates were largely insensitive to several other key assumptions. In particular, if a labor supply elasticity of 1.50 is assumed, and all the other assumptions are held constant, the estimated net budgetary savings would be $8.1 billion rather than $7.8 billion.[8] We found that our cost estimate was also insensitive to the ratio of draft-motivated volunteers to draftees and to reenlistment rates for draftees and draft-motivated volunteers. For example, if we assume that the ratio of draftees to draft-motivated volunteers is 2 to 1 rather than 1 to 1, and hold all other assumptions constant, the estimated net budgetary savings would be $8.5 billion rather than $7.8 billion. Also, if reenlistment rates for draftees and draft-motivated volunteers were 4 percentage points higher than we have assumed, the estimated net budgetary savings would be about $7.3 billion.

[8]Some experts have suggested that the labor supply elasticity may be as high as 2.0. However, it should be noted that at current pay levels the services are turning away some applicants, especially low-quality applicants. Hence, to some extent, pay can be lowered without lowering the number of true volunteers, although such a policy would lower the quality of new accessions.

Figure 3.1: Estimated Savings Depend on the Size of the Cut in Basic Pay



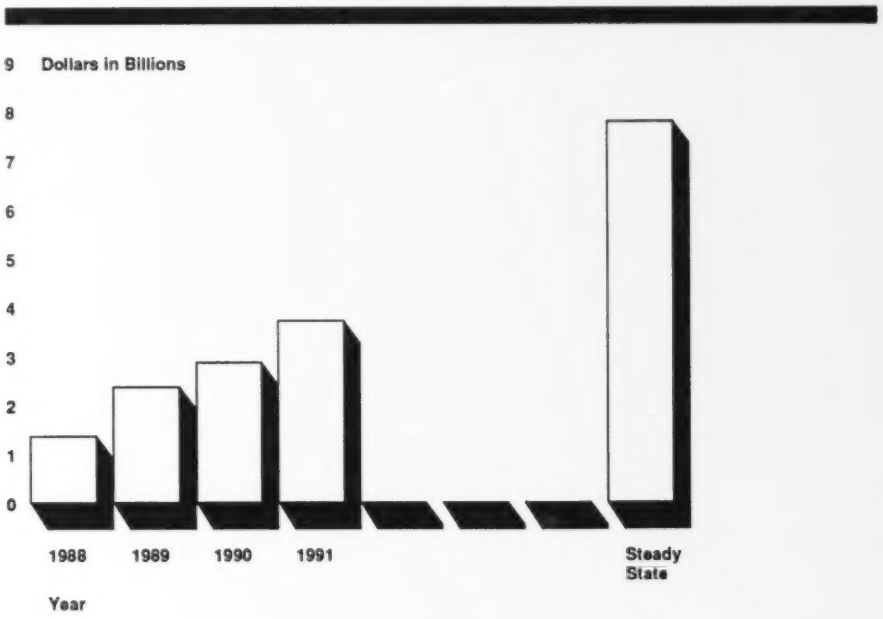
Budgetary Savings During the Transition Period

Many of the changes that the draft would cause in cost and force structure would not come about for many years. For instance, the reductions in retirement outlays—the second largest area of savings—will not be completely realized for at least 30 years when all current service members have retired. Accordingly, we analyzed cost impacts on a year-to-year basis to determine whether returning to the draft would have any appreciable impact on the federal budget in the near future.

Our estimate of short-term budgetary cost savings was based on the same set of assumptions used in the estimate of long-term cost savings. In addition, we assumed that all members who have entered the armed forces before the effective date of the draft program will continue to be paid under the higher current basic pay scale and that these personnel would reenlist at current rates.

As figure 3.2 shows, we estimate that, in the first full year after implementation, a draft would result in net budgetary savings of $1.4 billion, which is about 17 percent of the eventual annual savings of $7.8 billion. We estimate that by the fourth year the annual net budgetary savings would be $3.7 billion, which is about 48 percent of the eventual annual savings.

Figure 3.2: The Full Savings From Returning to the Draft Would Not Be Realized for Many Years



A number of factors would cause initial savings to be less than the long-term savings in our scenario.

- All incumbent personnel at the time the draft is reinstated would continue under the higher current pay schedule.
- The force structure would not begin to shift toward the less experienced (and less costly) distribution characteristic of the draft until the third year (fiscal year 1990) when the lower reenlistment rates of draftees and draft-motivated volunteers would come into play for the first time. Consequently, savings associated with a smaller career force, such as a reduced reenlistment bonus budget and reduced outlays for retirement benefits, would not be realized immediately. In particular, the savings from reduced retirement outlays would not occur until 20 years or more in the future.[9]
- The start-up cost of the Selective Service System would exceed its steady-state operating cost.

[9]The impact on the DOD budget would materialize sooner, to the extent that altered retention patterns are considered in calculating the retirement accrual charge.

Finally, the estimates of initial budgetary cost savings presented here may be an overstatement for three reasons. First, an unknown number of accessions after the effective date of conscription would be from the Delayed Entry Program and presumably would be continued under the current pay scale because of the contractual nature of the program.[10] Also, some accessions might be prior-service enlistees and transfers from reserve programs who receive higher pay than accessions without prior service.

Second, we are using an annual accounting period for costing purposes. Thus we assumed that the draft would be implemented at the start of the fiscal year. This implies that the Selective Service System could be reactivated at the beginning of fiscal year 1988 in our scenarios, whereas presumably it would actually take several months. If the draft were in place for only part of the fiscal year, our estimated first-year full fiscal year savings will be overstated.

Third, we assumed that the full reduction of recruiting and advertising activities to the levels of the 1960s could be implemented almost instantly. However, the process of redeploying recruiters to other assignments, terminating contracts with advertising agencies, and similar adjustments would probably be gradual. In addition, the reduction of these activities would likely cause additional expenditures, such as moving expenses for recruiters who are to be reassigned. We do not have sufficient data to estimate the magnitude of these impacts.

Comparison of Our Estimates With Previous Estimates

Our estimated budgetary savings are higher than those most other analysts have estimated. The most important reasons for our higher estimate are that we assumed that the draft would be accompanied by a relatively large pay cut and that junior personnel would fill many career positions. In this respect, our methodology and, accordingly, our findings most closely resemble earlier studies such as the 1970 Gates Commission study and the 1970 Rand study. In fact, our estimates of reductions in expenditures for basic pay actually exceed those of these

[10]The Delayed Entry Program allows individuals to enlist in the military and to delay reporting for active duty until appropriate jobs and training programs become open to them. The delay can extend up to 12 months. Until 1984, time spent in this delayed status counted toward determining basic pay.

earlier analyses, except for the 1966 DOD study, even after adjusting for inflation.[11]

Impact of a Draft on Force Effectiveness

The experts with whom we talked believed that the active enlisted force under the draft would be less effective than the current enlisted force, all other things being equal, for several reasons. First, the draft would require a larger number of accessions, since draftees and draft-motivated volunteers usually commit to a shorter initial enlistment period than volunteers. Consequently, a larger proportion of the force at any given time will be involved in overhead activities such as participating in or conducting formal and informal training, traveling to a first assignment, or supervising less experienced personnel.

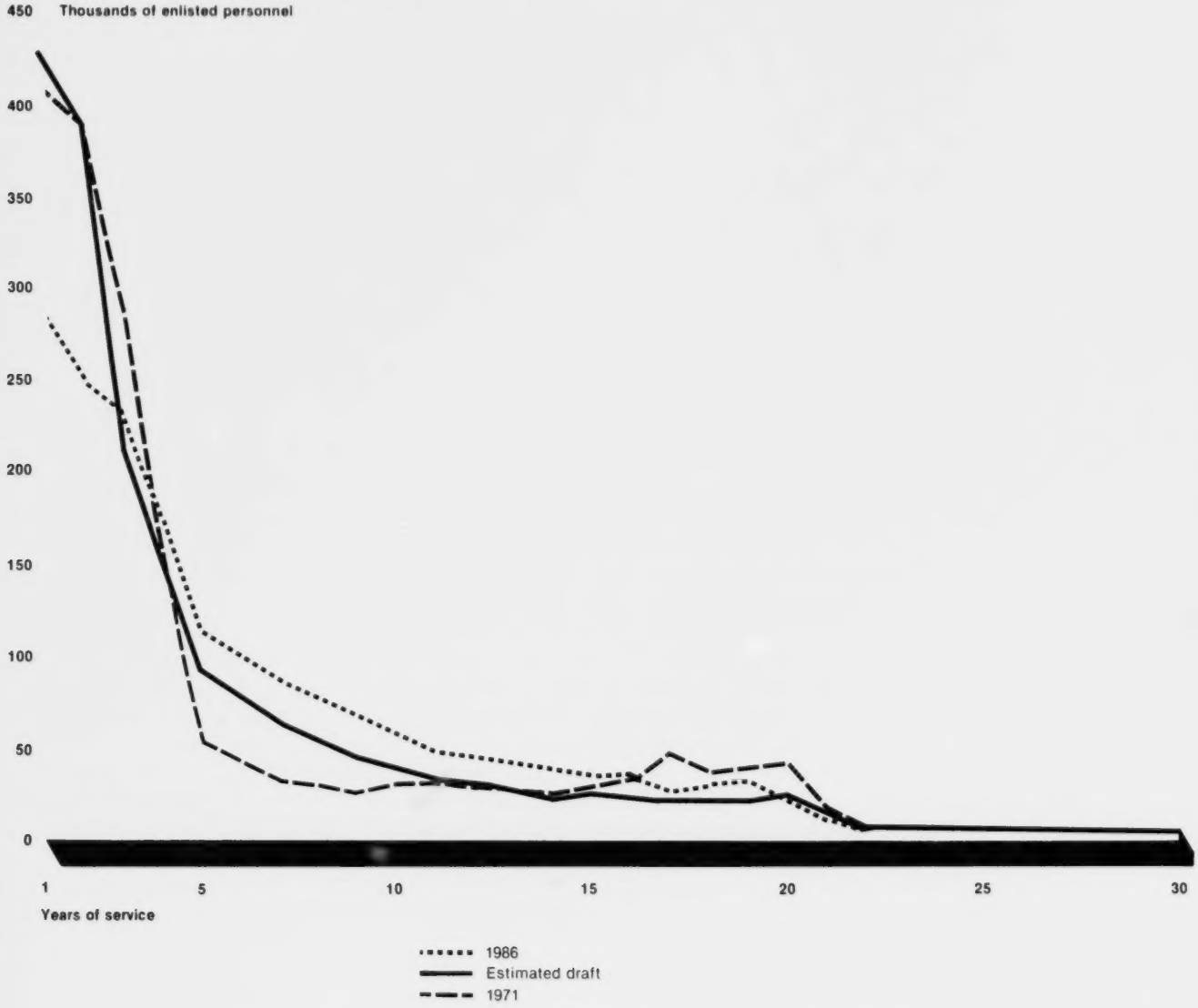
Second, draftees and draft-motivated volunteers are less likely to reenlist. Consequently, the level of experience in the force—commonly measured by the number (or percentage) of careerists—will decrease. We estimate that, under a draft that includes a 50-percent cut in basic pay, 237,000 first-term personnel would be substituted for careerists. As a result, the career content of the force would decline by 26 percent, from about 50 percent of the active enlisted force today to 37 percent, which would be the lowest percentage since the Vietnam era, and the number of personnel in the first 2 years of service would increase by 51 percent. These changes in the force structure are reflected in figure 3.3, which shows profiles of the force in terms of thousands of personnel at each year of service in 1971 (near the end of the Vietnam era), in 1986, and resulting from our assumptions about a future draft.

Third, with a smaller cadre of career personnel, the implementation of a mobilization surge may be more difficult because there are fewer experienced personnel available to train new, inexperienced personnel.

The degree to which the loss of experienced personnel would affect force effectiveness is uncertain. Previous studies have shown that, in most occupational specialties, the ability of service members to perform their duties increases with increasing military experience, at least for the first several years of service. However, the occupational specialties

[11]Expenditures on basic pay are determined by a number of factors, including the basic pay schedule and the experience and grade distributions of the force. The earlier reports do not provide sufficient information for us to identify their underlying assumptions, in particular their assumption concerning the grade distribution. However, as noted earlier, we have assumed that under the draft the loss of experienced personnel would be accompanied by a corresponding downward shift in the grade distribution. If the services do not implement such a shift, for example, by allowing promotion rates to accelerate, the budgetary savings from the draft will be lower than we have estimated.

Figure 3.3: Returning to a Draft Would Lead to a Less Experienced Force



that have been studied may not be representative of the entire enlisted force.

An ideal study would explicitly take these factors into account and compare equally effective alternatives. However, the calculations involved in comparing forces with different experience mixes would be complex and would require a large number of assumptions, and no consensus exists as to exactly how the experience mix of the force relates to force effectiveness.

Under a relatively narrow definition of force effectiveness that was adopted in several previous studies, the draft would produce a less effective force only to the extent that more personnel are in formal overhead activities such as basic and initial skill training and travel to the first assignment. However, a broader concept of effectiveness would take into account informal on-the-job training as well.

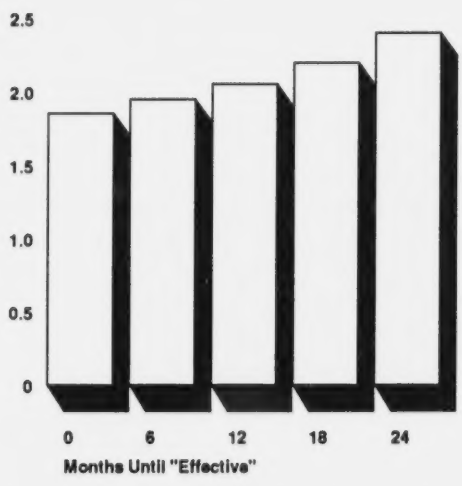
We chose to address these concerns by illustrating the relationship between equal effectiveness and potential cost, using a relatively simple approach. Specifically, we changed our assumption that the draft would produce an enlisted force of the same size as the current force and assumed that it would produce a force with as many "effective" members as the volunteer force. We determined the total size of that force based on effectiveness being achieved after 6, 12, 18, or 24 months. The assumption that personnel are "effective" after 6 months is roughly equivalent to disregarding only the period of time spent in formal training during the first term of service. The assumption that personnel are "effective" after 24 months corresponds more closely to findings from preliminary research on military labor-productivity growth.

By defining effectiveness as "the number of personnel who have more than a minimal length of service (e.g., 6 months)," we ignored any gains in effectiveness that occur later in a member's career. On the other hand, we also ignored any contribution to the military mission by members with less experience than the period assumed necessary to become fully effective.

Under the draft, a larger total force would have to be raised to produce an equivalent effectiveness to the volunteer force because the higher turnover and shorter first-term contracts imply that a larger proportion of the force will be in overhead activities such as formal and informal

training at any time.[12] Figure 3.4 displays estimates of the size of the force that would be needed under a variety of effectiveness criteria. The longer the period needed to become fully effective, the larger the estimate of the additional personnel required under a draft to maintain force effectiveness. When the 24-month criterion is used, our analysis indicates that a partially conscripted force of about 2.4 million is required to produce the same number of effective personnel as the current volunteer force of 1.85 million.

Figure 3.4: End Strength Must Increase Under the Draft to Maintain Force Effectiveness

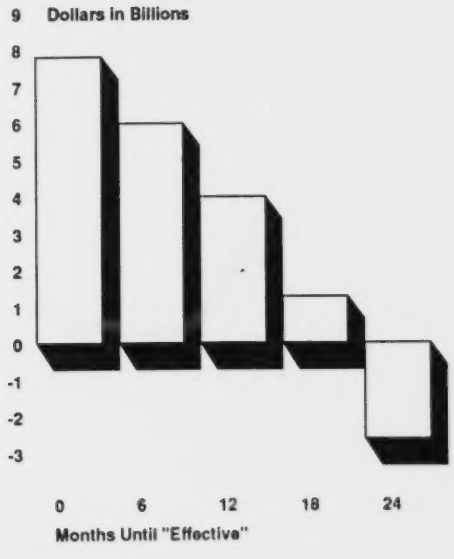


As a consequence of this phenomenon, the estimated budgetary cost savings associated with the draft diminish and eventually disappear when the assumed objective is to raise a force with the same number of "effective" personnel as the current force, as shown in figure 3.5. Our analysis indicates that if force effectiveness is measured by the number of personnel with 12 months of service, the draft force results in net long-term budgetary savings of about $4 billion. But, if 24 months are

[12]In this analysis, our estimate of the size of the draft force includes additional trainers for each group of personnel added to the draft force to make it of equivalent effectiveness as the volunteer force. For example, an additional trainer is added for each group of 5 personnel when 6 months are assumed needed for full effectiveness. However, our estimates do not take into account any offsets resulting from reduction in the number of recruiters needed for a draft force.

required to become fully effective, the volunteer force is less expensive than the draft by about $2.6 billion.

Figure 3.5: Savings From Returning to the Draft Decrease as Recruits Need More Time to Attain Full Productivity



It should be noted that our analysis focuses on only one hypothetical dimension of force effectiveness. Other potentially relevant measures of force effectiveness—such as personnel quality, officer and reserve accessions, the ability of the services to fill specific occupational specialties with qualified personnel, and the pool of pretrained personnel in society—may also differ between the draft and volunteer force scenarios.

The Economic Cost of Conscription Is Potentially Substantial

Several manpower experts have questioned the appropriateness of using budgetary effects as the only measure of the cost of the volunteer force and the draft. These experts have argued that the appropriate basis for comparison is the opportunity cost of procuring military personnel in terms of resources lost to the civilian economy. The term commonly used for this more comprehensive concept is "economic cost."[13]

[13]A conceptual discussion of economic cost is provided in Ryan C. Amacher, et al., The Economics of the Military Draft, Morristown, N. J.: General Learning Corporation, 1973.

Experts who have studied the issue of economic cost have identified several aspects of the draft that, on balance, produce costs to various segments of society that are not reflected in the federal budget. For example, first-term personnel bear a disproportionate cost of providing national defense by serving at pay levels lower than they could obtain if they were free to choose to serve. This has sometimes been referred to as the "conscription tax."

Also, if first-term personnel wages were reduced 50 percent, the services would have the incentive to access too many of them, rather than relying on more productive resources, such as career personnel and new equipment, which would reduce the accession requirement. When this occurs, the burden of national defense, in terms of the total human resources withdrawn from the civilian economy, will be higher under the draft than under the volunteer force. Furthermore, conscription produces costs to the economy through draft avoidance activities (e.g., young men pursuing educational or occupational deferments they would not ordinarily pursue) and distortion of the operation of civilian labor markets (e.g., employers refusing to hire draft-eligible youth).

On the other hand, it has been argued that the draft may be beneficial to society to the extent that skills and discipline acquired by youth who have served enhance their productivity.[14]

Estimating economic cost requires a number of assumptions concerning such relevant factors as the supply and demand for labor and the proportion of draft-eligible males inducted. We did not develop our own estimates of the economic cost of conscription, but we did identify a number of studies performed over the past 20 years that estimate the magnitude of these costs.[15] The estimates range from about $3 billion to $9 billion per year in 1987 dollars. They vary widely because the analyses use both different assumptions and different definitions of economic cost. Costs of this magnitude would offset a large portion, if not all, of the budgetary savings.

[14]See Charles B. Knapp, "A Human Capital Approach to the Burden of the Military Draft," Journal of Human Resources (Fall 1973).

[15]The studies we reviewed include Walter Y. Oi, "The Economic Cost of the Draft," American Economic Review (May 1967); Richard V.L. Cooper, The Social Cost of Maintaining a Military Labor Force, Rand Corp., R-1958-1 ARPA, Aug. 1975; Richard V.L. Cooper, Military Manpower and the All-Volunteer Force, Rand Corp., R-1450-ARPA, Sept. 1977; Richard V.L. Cooper, A Note on Social Welfare Losses With and Without a Draft, Rand Corp., P-5518, Sept. 1975; Charles B. Knapp, "A Human Capital Approach to the Burden of the Military Draft," Journal of Human Resources (Fall 1973); and Michael S. Crouch, The Social Welfare Losses of Conscription: An Evaluation for the 1980s, M.S. thesis, Naval Postgraduate School, Dec. 1986.

Force Management Policies in Other Countries

Of the five countries whose manpower management policies we surveyed, three (the Federal Republic of Germany, France, and the Soviet Union) raise their forces with draftees, and two (Canada and the United Kingdom) rely exclusively on volunteers.

Perhaps the most important similarity among countries that draft is that they share long borders with neighbors who have been hostile or could be hostile. The manpower policies of countries that draft focus on providing a larger number of male citizens with affordable training that emphasizes land warfare. These countries also have larger standing forces, proportionately more manpower in the Army, shorter terms of service, and more developed reserve structures. The countries with volunteer forces are similar in their insularity, by virtue of which they have rarely faced the threat of invasion.

Both draft and volunteer countries are facing, or have recently faced, declines in the number of youth available for service. Some have adopted specific strategies to address declines.

We obtained data on pay levels in the countries and are citing these levels in the currency of the country, as well as in dollars. However, the dollar values we cite must be interpreted with some caution. They can change dramatically over relatively short periods of time because of sharp changes in exchange rates. Nonetheless, the U.S. dollar values of foreign pay levels do provide a reasonable method to compare these pay levels across countries. The exchange rates we used were those as of July 13, 1987. The dollar values of wage rates in the Soviet Union, particularly, should be viewed with extreme caution because the value of the ruble has little relationship with the fundamental economic conditions that underlie the currency values of market-oriented economies.

We gathered data on the manpower policies of the Soviet Union from public information and data on the other countries from visits with Ministry of Defense officials in the countries themselves and from published literature. A summary of information we obtained on each country follows.

Germany

Germany's peacetime strength consists of 495,000 personnel, 489,000 of whom are on active duty and 6,000 who are reservists recalled for active-duty training. In the event of war, the forces will expand to 1.2 million individuals. Draftees serve 15 months on active duty, whereas

the service obligation varies for members of the standby reserve, the mobilization reserve, and the general reserve.

Members of the standby reserve serve 12 months and are subject to recall to active duty before mobilization is ordered and without prior authorization of the federal legislature. Standby reservists fill specific vacancies in active-force units.

Members of the mobilization reserve augment wartime manning levels. Those mobilization reservists who have served in the standby reserves have a 5-year obligation; those who have not served have a 6-year obligation. For the most part, mobilization reservists will be assigned to cadre units and to regular units not normally manned in peacetime.

Members of the general reserve serve as replacements for combat casualties. All general reservists may have had previous experience as mobilization reservists.

A major manpower concern facing Germany is how to maintain its peacetime manpower commitment to the North Atlantic Treaty Organization (NATO) in light of declines in the male pool that began in 1984 and that is expected to total 50 percent by the late 1990s. As a result of these declines, Germany could fall short of its peacetime commitment to NATO by about 100,000 unless it makes other changes. Germany plans to meet its NATO commitment by

- increasing the term of service of draftees from 15 to 18 months in 1989,
- granting fewer exemptions to the civil defense organization and the disaster control service,
- counting standby reservists as part of their peacetime strength,
- increasing the number of reservists on active duty for training to 15,000, and
- modifying the fitness and qualification criteria to increase the number of persons found fit for military service.

About 50 percent of the eligible population are drafted into the German military service each year, and over 50 percent of the Army's manpower are draftees.

Germany has a two-tier pay system in which draftees receive 225 deutsche marks ($122) each month, and volunteers receive 675 deutsche marks ($366) each month.

France

France's active and reserve forces (including the Gendarmerie, the paramilitary police force) consist of about 450,000 and 500,000 personnel, respectively. Its conventional force is expected to decline by about 35,000 by 1989 in response to a reduction in the defense budget.

Draftees serve 12 months and have an initial 5-year reserve obligation. After the 5-year obligation, reservists are placed in a back-up reserve pool until the age of 35. Between the ages of 35 and 50, males are considered available for service, if needed.

About 400,000 males are available for service in the French military each year, and about 250,000 are drafted (about 60 percent). Over 60 percent of the French Army are conscripts. By 1995, the number of males available for service will decline to about 367,000. However, no adverse impacts are foreseen because the available pool of 367,000 will more than meet the country's annual requirement for personnel.

Under France's pay system, draftees receive 435 francs ($71) each month, whereas individuals in their initial 12 months of volunteer service receive 970 francs ($142). During the last 12 months of volunteer military service individuals receive 1,088 francs ($178) each month.[1]

Soviet Union

The Soviet Union has had a system of universal military training for males since 1918. Its active force consists of over 5 million personnel, including border guards and internal security troops, and its reserves consist of over 6 million personnel who are within 5 years of active service or less. About 70 percent of the active army are draftees, and over 50 percent of the active force are conscripts.

Draftees serve 3 years in the Navy and 2 years in the other services. Men remain in the Soviet reserve until they reach the age of 50.

Because the Soviets draft nearly all eligible young males at one point or another in their youth, the size of the 18-year-old male pool has important implications for their manpower and force management policies. The pool shrank to a low of slightly less than 1 million in 1962, reflecting the substantial drop in birth rates during World War II, but increased rapidly to over 2 million in 1968, peaking at about 2.6 million in 1978. Declining again in the early 1980s, the pool is expected to level

[1]Other NATO countries also have two-tier pay systems. For example, draftees in Belgium receive less than $65 a month, whereas volunteers receive $714 a month.

out in the late 1980s and not fall below 2 million at least until the end of the century. To deal with declines in the 18-year-old male pool, the Soviets have granted fewer student deferments and have increased, on a small scale, the proportion of career soldiers in the military force.

The Soviets view the costs and benefits of maintaining a large conscripted force from a broader standpoint than that of military capability alone; consequently, military training serves several purposes in the Soviet Union. The most important of these purposes are to produce disciplined soldiers proficient in their military specialties, to maintain a large reserve force, to inculcate socialist values, to integrate ethnic minority groups into the larger society, and to secure superpower status.

Soviet draftees receive 5 rubles ($6) each month.

Canada

In the mid-1980s the Canadian armed services consisted of about 80,000 active-duty members and 50,000 reservists. Of the active-duty members, 25 percent are in the Canadian land forces (the Canadian Army). In June 1987, the Canadian government announced a 15-year program to upgrade its forces, including increasing the size of its reserves to about 90,000. The initial term of service for most active-duty personnel is 3 years, whereas reservists have indefinite terms of enlistment.

The Canadian reserve force has four components: (1) the primary reserve, (2) the supplementary reserve, (3) the cadet instructors list, and (4) the Canadian Rangers. Primary reservists must train periodically each year. Members of the supplementary reserve are former active-duty members and members of the primary reserve. They perform no duty and train only when placed on active duty or when called up for a national emergency. Members of the cadet instructors list volunteer for service and are primarily responsible for providing the command structure and the bulk of the instructors for the maritime, army, and air cadets, whereas the Canadian Rangers, who reside in the sparsely settled northern coast and other isolated areas of Canada, provide a military presence, report suspicious or unusual activities, provide information on their local area, and participate in exercises and operations. Canadian Rangers also act as guides and teach northern survival skills.

A Canadian official told us that the Canadian male pool has declined in size. However, recruitment has remained generally satisfactory because

of the high youth unemployment and an annual recruiting demand that is less than 1 percent of the eligible male population.

Recruits in Canada receive 960 Canadian dollars ($727) each month.

United Kingdom

Britain had a peacetime draft for only a brief period: 1945-1960. According to a manpower expert, the reasons for adopting a volunteer force were that (1) controlling a far-flung empire would have been impossible with large armies manned by short-term draftees and (2) building planes and ships between the World Wars was thought to be a more cost-effective national security strategy than maintaining a large standing army.[2] According to this expert, the draft was continued after World War II because of Britain's standing commitment to deploy forces to Europe, which it had done before only sporadically, and perhaps because of the need to keep military spending to a minimum, especially in the postwar recovery period. After the Suez operation in 1956 highlighted the severe economic limits within which the British government had to operate, Britain decided to emphasize strategic defense and to maintain a smaller, professional conventional force. It reduced the armed services from 690,000 to less than 400,000 and placed civilians in administrative positions as much as possible, thus permitting the end of the draft.

Currently, Britain has about 325,000 in the active force and 303,000 in the reserves. Ministry of Defence officials stated that first-term volunteers serve 3, 6, or 9 years, whereas the length of the reserve liability depends on the years of active service performed. The reserves consist of the regular reserves and the volunteer reserves and auxiliary forces. Regular reservists generally begin to serve after active duty and serve as fillers for active and reserve units in the event of mobilization. The volunteer reserves are comprised of various home guard forces and support forces, the largest of which is the Territorial Army. An increase of about 75,000 to 85,000 is planned for the Territorial Army by 1990. With expansion, its mission will include various wartime support functions in the areas of engineering, signal, medical, ordinance, and security.

[2]Ragnhild Sohlberg, Manpower Systems: Procurement Policies, Ground Force Structures, and Registration: Denmark, the Federal Republic of Germany, Norway, and the United Kingdom, NPS-64-81-001, Monterey, Calif.: Naval Postgraduate School, Feb. 1981.

Demographic studies show that, after a peak in 1966, British birth rates declined steadily, reaching a low in 1977, which was reflected in the 16-19 year age group beginning in 1984 and continuing until the mid-1990s. Before 1982, the services recruited 8.5 percent of all men in the 16-19 year age group. By the end of the 1980s, the services will recruit about 11.5 percent of this group.

In the 1980s overall recruiting has been very good with some difficulties experienced in the recruitment of officers and certain specialist trades. Ministry of Defence officials said that factors adding to the United Kingdom's success in meeting recruiting goals included general unemployment, improved pay rates for the military, and the high prestige of military service.

Britain pays its privates 440 pounds ($711) a month.

Experts Consulted During Assignment

Mr. Martin Binkin[a]
Senior Fellow, Brookings Institution Foreign Policies Program and author or co-author of 12 volumes in the Brookings Studies in Defense Policy series.

Dr. Kenneth J. Coffey
Staff Director, Office of the Assistant Secretary of the Navy (Manpower); formerly with the U.S. General Accounting Office, the American Enterprise Institute, the Defense Manpower Commission, and the Selective Service System.

Dr. Richard V.L. Cooper[a]
Partner, Coopers & Lybrand; formerly Director, Defense Manpower Studies, Rand Corporation.

Mr. Paul Hogan
Deputy Director, Economics and Resource Management Division, Systems Research and Applications Corporation; formerly Director, Manpower Planning and Analysis, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics).

LTC James Hoskins
Analyst, Directorate of Personnel Plans, Headquarters - U.S. Air Force; formerly technical contracting officer, Organization of the Joint Chiefs of Staff study of conscription-based alternatives to the all-volunteer force.

Mr. John G. Kester[a]
Partner, Williams & Connolly; formerly Deputy Assistant Secretary of the Army (Manpower & Reserve Affairs), Special Assistant to the Secretary and the Deputy Secretary of Defense.

Mr. James L. Lacy
Analyst, Rand Corporation; formerly Special Assistant to the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) and with the Center for Naval Analyses.

Dr. John Warner[a]
Professor of Economics, Clemson University; formerly Visiting Professor, U.S. Naval Academy, and with the Center for Naval Analyses.

[a]These experts also commented on a draft of a report on this assignment.

Comments From Principal Deputy Assistant Secretary of Defense (Force Management and Personnel)

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-4000

FORCE MANAGEMENT AND PERSONNEL

6 JAN 1988

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International
Affairs Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) Draft Report, "MILITARY DRAFT: Potential Impacts and Other Issues," dated November 18, 1987, (GAO Code #390152/OSD Case #7467). Detailed comments on the report are enclosed.

The report articulates arguments for and against peacetime conscription comprehensively, and quantifies the associated costs in a balanced presentation. Although it leaves the reader to conclude which of these arguments are valid and compelling, the report assesses the impact of conflicting assumptions on its cost estimates, and shows an adequate conscripted force is likely to cost more than an equivalent force of volunteers.

The report does not address the major difficulty that would confront a peacetime Selective Service strategy: Meeting Service manpower requirements while selecting fairly from those eligible to serve. Even when the 18-24 year-old youth population bottoms out in 1995, peacetime forces will only require 5 percent of those qualified and available. A draft lottery which forces the unwilling to serve in jobs that others want can hardly be more equitable than asking for volunteers. Critics think a voluntary system unfairly burdens the poor or minorities. These arguments are simply wrong. Any measure of merit examined during recent years -- education, aptitude, skill, motivation -- shows recruits substantially exceed the average of the youth population. While the minority proportion of accessions is somewhat higher than that of the youth population, so are median family incomes. Volunteers view service not as a burden, but as an opportunity.

See comment 1.

The Department also objects to peacetime conscription because an unacceptable reduction in capability would result from losses in personnel experience and quality. The GAO assumes a recruit, after six months, is as capable as a seasoned veteran. Studies documenting the value of job experience to improved performance span many years. A typical study conducted by the Human Resources Research Organization tested soldiers on job tasks during the first five years of service. Performance test score gains resulted over the entire period. There are several

See comment 2.

additional corroborative efforts. The Joint-Service Job Performance Measurement/Enlistment Standards Project found scores on performance tests improve throughout the first term of service, with greatest gains during the second year. Additionally, the RAND Corporation recently concluded two year enlistments were cost effective primarily in those skills with low variable training costs. The GAO report also did not directly assess quality impacts. A draft would reduce the percentage of high aptitude high school graduates among recruits. An Army test of tank crews found higher aptitude tank commanders and gunners had higher kill ratios than those with lower ability. In sum, these studies indicate that a draft would sharply reduce readiness.

Without question, a force composed of volunteers costs money, but it is money well invested. While detractors focus on the cost of attracting volunteers, they rarely mention that recruit pay growth since the start of the volunteer force is 14 percent less than the growth in the Consumer Price Index over the same period, and that military compensation (as measured by the Employment Cost Index) has fallen 11 percent below that of comparable private sector occupations. Arbitrarily slashing recruit pay by 50 percent would not only depress military pay further below its economic labor value, but also impose unfairly on those who serve. It shifts the cost of military service from all citizens (where it rightfully belongs), penalizing instead each new conscript. Still, the report estimates a draft would cost $5.6 to $11.6 billion more each year than a comparable volunteer force (considering both budget and economic costs). Even these figures understate the actual cost of the draft, since about $5.5 billion of the savings are based on career force changes which could be achieved -- if thought wise -- without a return to a draft. At a real cost approaching $10 to $15 billion per year, peacetime conscription has very little appeal.

See comment 3.

Volunteer recruiting has been an unprecedented success due to the respect Americans have for their young people in uniform; proper compensation and support for a desirable quality of life; needed funds for recruiting resources; as well as effective training and leadership. This country learned during the last decade that false economies taken in these areas are costly indeed. The United States must have forces that are ready now to prevail over potential adversaries should deterrence fail. An adequately funded volunteer force is the least costly way to provide them, now and in the future.

Sincerely,

David J. Armor
Principal Deputy

Enclosure:
As Stated

GAO DRAFT REPORT - DATED NOVEMBER 18, 1987
(GAO CODE #391052), OSD CASE #7467

"MILITARY DRAFT: POTENTIAL IMPACTS AND OTHER ISSUES"

DEPARTMENT OF DEFENSE COMMENTS ON THE DRAFT REPORT

* * * * *

FINDINGS

Now on pp. 2, 8-10.

- FINDING A: History of Peacetime Draft. The GAO reported that, because a peacetime draft was in place for only a few years of this country's history, the social consequences of re-instituting a draft are uncertain. The GAO observed that the obligation to serve was an accepted feature of American life in the 1950s and early 1960s, but the degree of acceptance changed after that. The GAO concluded that part of the reason for the change was the growing inequity of a draft, which needed an ever smaller percentage of the increasing number of young men reaching draft age. The GAO also concluded that another reason for the decrease in acceptance of the draft was the growing public opposition to the Vietnam conflict. (p. 1, pp. 9-12/GAO Draft Report)

- DoD Response: Partially Concur. The factual content and main conclusion are correct. However, the social consequences of a return to conscription are expected to be decidedly negative; the only uncertainty is the degree of social unrest that would result. Perceived social inequities would be larger than history might predict, since the draft would be reinstated following a very successful experience with the volunteer force. This is unlike the Vietnam era draft, which was administered while memory of the full mobilization experience of World War II was vivid in the minds of many parents. These perceptions had a pervasive influence on American support for conscription. Public awareness of World War II and Korea is fading rapidly. Even those with first hand Vietnam era experience are reaching middle age, and their memories of the draft are likely to be more negative than those of their parents. New conscripts would have no understanding of the need for a draft. They would compare their lot with the 8 of 9 peers not drafted and those already in service, and wonder why they were singled out to be paid $8,700 less than those who volunteered. Being forced to do things they did not choose to do would compromise currently high levels of motivation. The resulting drop in experience levels would eventually reduce the effectiveness of leadership so many draftees would consider their period of service as a negative experience. Public confidence in the military would diminish, and this country would run the significant risk that its adversaries would view the situation as an unwillingness on the part of the American people to pay the costs of an effective fighting force.

- FINDING B: Uncertainty in Estimates of Effect of a Draft. The GAO reported that a high degree of uncertainty is inherent in any estimate of the effect of a draft on future costs or savings and active-duty force-effectiveness. The GAO observed that the most important reason for this uncertainty is that estimates depend critically on the purpose for reinstituting a draft. The GAO further observed that other causes of uncertainty include the following:

  - an inability to determine exactly the nature of alternative policy actions and their consequences;
  - the lack of consensus on measuring force-effectiveness and on ways to efficiently overcome any loss of effectiveness;
  - the necessity of certain simplifying assumptions in any analysis of this nature; and
  - an inability to precisely estimate the full impact on the civilian economy of returning to the draft. (p. 1, pp. 12-14/GAO Draft Report)

Now on pp. 2, 10.

- DoD Response: Partially Concur. The studies reviewed by the GAO and those conducted by the Department demonstrate the sensitivity of study results to the assumptions made. The GAO could have reduced the degree of uncertainty by treating its assumptions as variables, and then assessing the impact of alternative force management policies in draft and volunteer environments. A study is currently underway for the Department that uses this approach. Preliminary results support the conclusion GAO reports in its sensitivity analysis: Drafting a capable force costs more than an equivalent volunteer force.

See comment 4.

See comment 5.

- FINDING C: Assumptions. To estimate the budgetary impact of returning to the draft, the GAO agreed with the requester to make several assumptions, the most important of which were:

  - basic pay for new enlisted personnel would be reduced by 50 percent;
  - the force size would remain constant;
  - draftees would serve for 24 months; and
  - reenlistment rates would be similar to those of the early 1970s (the last draft years), which were lower than current reenlistment rates. (p. 2, pp. 35-39/GAO Draft Report)

Now on pp. 2-3, 22-24.

See comment 6.

- DoD Response: Nonconcur. With the exception that draftees would serve for 24 months, these assumptions are inconsistent with an effective combat force structure and major legislative precedents.

  - Assuming a basic pay reduction ignores the legislative history of military pay comparability increases, beginning in 1966 and culminating in 1973. In particular, the Gates Commission concluded that junior enlisted pay should be increased to provide reasonable compensation whether or not the Nation chose to adopt an all-volunteer force. Reduction of basic pay by 50 percent effectively imposes a conscription tax on the minority of youth age 18-24 who are randomly selected and physically, mentally, and morally qualified for service. Milton Friedman described this situation in 1967 as follows: "The argument that a volunteer army would cost more simply involves a confusion of apparent with real cost. By this argument, the construction of the Great Pyramids with slave labor was a cheap project. The real cost of conscripting a soldier who would not voluntarily serve on draft era terms is not his pay and the cost of his keep. It is the amount for which he would be willing to serve. He is paying the difference. This is the extra cost to him that must be added to the cost borne by the rest of us. Compare for example, the cost to a star professional football player and to an unemployed worker. Both might have similar attitudes toward the Army and like -- or dislike -- a military career equally. But because the one has so much better alternatives than the other, it would take a much higher sum to attract him. When he is forced to serve, we are in effect, imposing on him a tax in kind equal in value to the difference between what it would take to attract him and the military pay he would receive under the draft. This implicit tax in kind should be added to explicit taxes imposed on the rest of us to get the real cost of our Armed Forces." Currently, the volunteer approach makes this cost visible. The form of conscription examined by the GAO would revert to concealing a portion of this tax through a reduction of $8,700 in military pay for each conscript.

  - Assuming the force size would remain constant ignores the fact that it takes more inexperienced people to perform the same basic tasks currently performed by experienced people. Many tasks are so complex that they cannot be performed without substantial training and experience. The combined effect of this assumption and the 24 month tour length is to shift a significant share of the force away from productive work into training and supervisory activities. The impact on force effectiveness would be devastating.

See comment 7.

- Assuming reenlistment rates would match those of the early 1970s presents a "best case" bias toward the draft, since pay comparability increases of the late 1960s had begun to take effect. It is particularly inappropriate in view of the assumed 25 percent reduction of pay for people in their third and fourth years of service, since individuals in these year groups in the early 1970s enjoyed a 25 percent higher pay rate than is assumed by the GAO. Because of the serious consequences of overestimating reenlistment rates, a worst case assessment should have been included in the sensitivity analysis. As a minimum, a 10 year average of draft era reenlistment rates would provide a better basis for analysis.

- FINDING D: Advantages and Disadvantages Need to Be Weighed. The GAO noted that a number of experts, including many with whom the GAO consulted, believe that an analysis of budgetary impacts cannot provide a definitive basis for choosing between a draft or volunteerism as a means of raising U.S. Armed Forces. The GAO found that these experts offer many arguments on the purported advantages and disadvantages of a force comprised only of volunteers, as opposed to a mixed force of draftees and volunteers. The GAO concluded that these arguments must be carefully weighed before taking such a critically important national policy choice. (pp. 2-34, p. 16/GAO Draft Report)

Now on pp. 12-19.

- DoD Response: Partially Concur. In weighing the advantages and disadvantages of a mixed force composed of volunteers and conscripts, the key criterion must be an assessment of the impact on force effectiveness and readiness. Although this is not an easy task, it is crucial to the U.S. national defense capability.

  - A 20 year history of military productivity research documents the contributions of both recruit quality and job experience to job performance. The Human Resources Research Organization (HumRRO) tested soldiers on job tasks during the first five years of service, and concluded that continuous improvements in job task performance resulted. More recently, the Joint-Service Job Performance Measurement/Enlistment Standards Project found performance test scores improve throughout the first term of service, with the gains being greatest during the second year of service. What these studies have yet to accomplish is a cogent model that relates job task performance to crew (team, group, or unit) performance using a consistent time scale. An Army study of tank commander and gunner performance indicates that a crew must train together for about a year to reach full proficiency.

- While some task level training may be conducted at the same time crew training is conducted, in general, task proficiency must be developed before crew proficiency can mature. Taken together, these studies suggest 24 months of service are needed, on average, before enlistees can do well what they are recruited, trained, organized, and equipped for -- to fight well enough that potential adversaries are convinced to negotiate differences peacefully, since the price of a military engagement would be unacceptable. The DoD cannot support a conclusion that a conscripted force adequate to meet peacetime effectiveness requirements will save budget dollars. Even without a change in average experience levels, decrementing the aptitude of the personnel assigned duties as Army tank commanders and gunners by the difference between current accession quality measures and the average of the youth population would require an additional 370 M-1 tanks, crews, and associated support to preserve current combat effectiveness; the price tag in this one area alone would be just over $1 billion. An end strength increase of about 2,000, and associated additional costs would also be required to keep crews in these additional tanks. Otherwise, the collective ability of tank crews to score "kills" would decline about 5 percent.

- FINDING E: Criticisms of the Volunteer Force. The GAO noted that criticisms of the all-volunteer force can be generally categorized into six areas, as follows:

  - First, the volunteer force would experience problems in quickly mobilizing for a major conventional war, despite planned activation of the Selective Service System and use of the reserves in the meantime. Further, an important aspect of U.S. ability to deter war is the size of U.S. forces, yet the tendency of volunteer forces has been to shrink in size.

  - Second, the volunteer force is not socially or racially representative of the country, particularly in the combat units of the Army. Blacks comprise between 26 to 41 percent of the units likely to experience combat (such as the Second Infantry Division, the First Cavalry, and the Eighty-Second Airborne Division).

  - Third, before the all-volunteer force, when pay was lower, large numbers of junior service members were single and, consequently, lived with their units on post. High pay for the first term volunteer force has contributed, in part, to an increasing number of marriages and to an increasing number of first termers living outside the military community--i.e. a lessened camaraderie and esprit de corps.

- Fourth, the all-volunteer force is overly reliant on women, who cannot be used in combat, and who are, on the average, not as strong as men, have a higher first term turnover, and take more time off duty for medical reasons.

- Fifth, the high cost of attracting first-term personnel makes it impossible to significantly increase the force size.

- Sixth, critics of the all-volunteer force claim that the force quality may be lower in the future because of past reactions to recruiting difficulties, the historical inconsistency in congressional and administration support for defense, and a 23 percent decline in the prime recruiting market from 1979 to 1996. (pp. 3-4, pp. 18-23/GAO Draft Report)

Now on pp. 3-4, 12-15.

• DoD Response: Nonconcur.

- Mobilization. The Selected Reserve has been successful in meeting its strength objectives. Because it is attracting a greater number of prior service people and true volunteers, readiness has improved. The Individual Ready Reserve (IRR) and Selected Reserve manpower levels, when combined, will equal the 1963-1968 levels by 1991 without a draft. The decline in the IRR, that started in 1972, was a predictable result of the Vietnam drawdown and would have occurred with or without a draft. It could have been overcome by restoring the 8 year military service obligation in 1973, rather than 1984. By the time a draft could be reinstated and impact the IRR, there would no longer be a shortage. As the sophistication of U.S. weapon systems has grown, so has that of the Soviets. Force capability is a far greater deterrent than gross size. Potential adversaries are well aware of current U.S. capabilities, and would also recognize quickly the impact of wholesale substitution of unqualified personnel for well trained and experienced personnel.

- Representation. Although the volunteer force experienced representation problems in its early years, those have been resolved. Details for each Service and the Department as a whole are available in the annual Population Representation in the Military Services, FY 1986, report to the Congress.

  -- While the proportion of black accessions exceeds their representation in the general population by about 5 percent (20 percent of accessions vs. 15 percent of the youth population), the difference is the same as it was during the draft (17 percent of accessions vs. 12 percent of youth). Differences between the

See comment 8.

accession population and the force at large reflect differential preferences among groups of volunteers for retention. These differences would exist whether or not initial entry requirements are satisfied by volunteers or through conscription.

-- In the Army, a smaller percentage of black recruits (27 percent) is assigned to combat units than that of whites (33 percent). Any difference in the percentage of blacks in these units is likely to be the result of individual reenlistment decisions. This would be true whether initial accessions are conscripts or volunteers.

-- Socioeconomic composition is a more difficult dimension to assess, since data are not currently collected on a continuing basis. A recent study of median incomes for families of new Army accessions revealed that they slightly exceed the civilian population ($29,600 vs $27,700).

- Esprit de Corps. Retention surveys have demonstrated consistently that the requirement to live in bachelor enlisted quarters is a disincentive to reenlistment. Satisfaction within the military is at very high levels, according to a 1985 survey conducted by the Defense Manpower Data Center. Certainly, it would be simpler to accept only single members for military service. Indeed, for one short year married males enjoyed a lower draft priority than their single peers. During this period, retention rates of 4 percent for draftees and 11 percent for draft motivated volunteers were typical -- hardly evidence of high esprit. It is doubtful that manpower objectives under either a draft or volunteer strategy could be met by accepting only single personnel.

- Military Women. In all Services, women are fulfilling their responsibilities with the same competence displayed by military men. Today, almost 221,000 officers and enlisted women comprise 10.2 percent of the active force. By comparison, in 1972, 45,000 women comprised 1.52 percent of the active force. Under current legislation and associated Service policies, 88 percent of the skills and 61 percent of the positions in the Department are open to women. Recently, the Secretary of the Navy announced a significant expansion of opportunities for women aboard Navy ships. When fully implemented, this will expand the number of enlisted positions open to women by about 15,000, nearly tripling the number of seagoing billets. Each Service has developed appropriate ways to classify women to ensure they are trained and assigned to positions in which they can perform well. In the Air Force, for example, strength standards have been established for each skill.

These standards apply equally to both men and women. As a result, neither understrength males nor females are assigned to arduous positions. In the Army, women are assigned to units that could become involved in combat if the probability of engaging the enemy is low. There is no plan to substitute males in these units if an enemy attack appears imminent. Further, women are actually available for duty a greater percentage of the time than their male counterparts, when lost time for both misconduct and medical reasons is considered.

- Costs. Force structure is driven by requirements, rather than the supply of people. The size of the career force has grown in recent years, even though career personnel are more costly than first termers. Because of a complex interaction of weapon and support system design factors, advancing technology, and changing force employment scenarios, requirements for experienced personnel have increased. At the same time, automation and contracting policies have reduced the number of uniformed personnel assigned entry level positions. As a result, direct manpower costs have grown in real terms by about 7 percent between 1974 and 1987. A major portion of this growth results from adoption of the retirement accrual accounting methodology. Targeted allowances (such as the Variable Housing Allowance and various special pays) account for most of the remainder. To put this growth in perspective, military pay has trailed 15 percent behind the Consumer Price Index and 10 percent behind the Employment Cost Index. During this same period, Defense spending has grown 56 percent, and total federal spending grew 64 percent in real terms. Since first term pay and allowances account only for about 10 percent of total military compensation, clearly, the cost of first term personnel has not precluded increases in force size. Overall, the personnel share of total defense resources has decreased, while force capabilities have increased substantially. For example, Iowa Class Battleships have been modified to provide far greater combat effectiveness today than during World War II, yet they sail with about half as many crew members. Advanced technologies permit fewer people to do more--but those people require more extensive training to operate and maintain the equipment as designed. Force manning policies must remain consistent with the systems that have been deployed, and may be deployed in the future.

- Quality. The quality of recruits is at an all time high. The Department's high school diploma graduate rate of 93 percent was 1 percentage point higher than the FY 1986 rate, and the proportion scoring average or above on the enlistment test was 95 percent, 1 point lower than 1986. The only Service showing a significant change in quality was the Navy, with a graduate rate 6 percentage points higher than this time last year. In the current climate

of budget reductions, it would not be surprising to see a slight decrease in these historically high quality marks. However, the declining youth market is unlikely to be the reason. Although the youth market of 18-24 year old males will drop 22 percent between 1979 and 1996, most of that decline is history. In 1996, 5.1 percent of the qualified males will need to be recruited -- only 1 percent more than are needed now, and slightly less than were needed in 1974. To put this relationship in perspective, the market peaked in 1979; that is the only year during the history of the volunteer force that all Services failed to achieve their recruiting objectives. Whether enough quality males are recruited in 1996 will depend upon national resolve, not the size of the market. A draft would undoubtedly reduce quality, unless draft calls were targeted to specific ability groups. Such a system is beyond the scope of the GAO study and this response.

- FINDING F: The DoD Supports the Volunteer Force. The GAO observed that the DoD supports the all-volunteer force in peacetime. According to the GAO, it is the DoD view that the all-volunteer force is better than a drafted force when it comes to meeting recruiting and retention objectives with young men and women of unprecedented high quality. The DoD deems the current volunteer force to be the most capable in history in terms of aptitude, education, and commitment to the defense of our Nation. The GAO noted that the DoD attributes the success of the all-volunteer force to programs introduced by the current Administration and the Congress to improve compensation and quality of life, coupled with adequate recruiting resources and restoration of sense of pride and dignity to military professionalism. The GAO also noted that the DoD maintains it can continue to attract higher-quality volunteers than could be achieved with a draft representative of the U.S. population, as long as pay for service members remains fair and competitive, and recruiting resources remain adequate. The GAO noted that, in FY 1986, all the Services met or exceeded their overall enlistment objectives and that recruit quality was at historically high levels. The GAO further noted that, even though since 1979, the 18-year old male population has declined by 17 percent, recruiting objectives have, nevertheless, been met each year and quality has improved as well. The GAO also reported that, in the last several years, reenlistment rates of the all-volunteer force were near historically high levels, with the career force growing in size, quality, and experience. (p. 3, pp. 23-25/GAO Draft Report)

Now on pp. 5, 15-17.

- DoD Response: Concur. The volunteer force has achieved unprecedented levels of quality, experience, and leadership skill. These characteristics are well suited to the needs of advanced technology weapon systems and a more complex

employment environment. Together, they provide a highly effective deterrent to our adversaries, thereby minimizing the likelihood that they will need to be engaged in actual hostilities.

- FINDING G: Proponent Arguments for a Draft. The GAO reported that, according to proponents, a draft has several advantages, such as greater equity and communication of our national resolve. In addition, it is argued that, with a draft in place, adequate numbers of reservists would be available to augment and reinforce active forces in the event of mobilization, and the pool of pretrained personnel would expand. Also, proponents of the draft argue that a draft would expand the base on which both the enlisted force and the officer corps now draws (enriching both the military and society) and that budget costs of a draft would be lower than that of a volunteer force (assuming a policy of lower pay for draftees were adopted). (p. 3, pp. 25-26/GAO Draft Report)

Now on pp. 3, 17.

- DoD Response: Nonconcur.

  - Equity. Problems with equity are a result primarily of the small percentage of the youth population required for military service, rather than a draft or volunteer strategy per se. A draft would undoubtedly be unfair and (under assumptions studied by the GAO) confiscate at least half the economic value of the conscript's labor as well. As long as peacetime personnel needs remain a small fraction of those available, volunteers will always be preferred.

  - Reserves. The Selected Reserve has been successful in meeting its strength objectives. A greater percentage of prior service people have increased the experience level of the reserves, and all non-prior service accessions are true volunteers. Consequently, readiness has improved considerably in comparison with the draft era. The Individual Ready Reserve and Selected Reserve strength issue is now moot (see response to Finding E). A draft would attract volunteers motivated by a desire to avoid conscription. Units would be filled with large numbers, but at the expense of quality and motivation. Unauthorized absences and disciplinary problems would increase. Many would lack the motivation to accept training. With a large proportion of first line weapon systems committed to Reserve Component units, it is essential that maximum benefit be derived from the 38 training days available each year. Otherwise, the significant share of our combat capability that resides in these units could not be counted on when needed. Large numbers of poorly trained and inexperienced personnel will not form an effective deterrent in the age of advanced technology warfare.

- Popular Support. The civilian population of the United States has developed a much more positive perception of military service since the volunteer force was implemented than existed during the draft, and public views favoring a peacetime draft declined from 58 percent in 1980 to 24 percent in 1984, according to a survey by the National Opinion Research Center of the University of Chicago.

- Budget Costs. The GAO initially reports similar budget cost savings to those touted by draft proponents in its basic analysis. Then, it responsibly goes on to largely refute these savings in its sensitivity analysis. The research on productivity described in the DoD response to Finding D above suggests 24 months of service are needed, on average, before recruits can perform well. The GAO study concludes that if as little as 20 months are needed, on average, to reach individual proficiency, then a return to conscription costs money. While crew training is not addressed in its analysis, it does estimate a net cost of about $2.5 billion if this total training sequence is 24 months long. Even this conclusion is based upon the assumption that significant reductions in career personnel are a function of a return to conscription. Because any reduction in the career force deemed prudent, after a thorough review of implications for force capability, could be implemented without a return to conscription, it is misleading to attribute such savings to a draft. Department studies estimate the value of such savings for the GAO assumptions to be $5.5 billion. This means that the GAO "savings" estimates attributed to the draft are overstated, and that conscription is a more costly way of obtaining an effective force structure than is a volunteer force.

- FINDING H: DoD Arguments Against a Draft. The GAO reported that, although the DoD recognizes that major war would require prompt reactivation of the draft, it opposes a peacetime draft for the following reasons:

  - a draft would be no more representative (if exemptions used in the past were continued);

  - the cost of a draft would not necessarily be less;

  - the public does not support a draft (a 1984 opinion poll showed only 24 percent support a peacetime draft);

  - the draft would present political, social, and legal problems;

  - the draft would require more manpower (the population of trainees and trainers would swell); and

- the draft would reduce force effectiveness. (pp. 26-30/GAO Draft Report)

Now on pp. 17-19.

- DoD Response: Concur. The GAO has accurately reported Department views.

- FINDING I: Budgetary Impact of a Draft. The GAO reported that, over the last two decades, 8 major studies have compared the costs of raising a draft force with the costs of an all-volunteer force. (In 1987 dollars, depending on the assumptions used, these comparisons ranged from an annual savings of $15.7 billion to an annual cost of $1.6 billion.) The GAO found that these studies arrived at widely varying conclusions, largely because they used different assumptions. Because of differences in results and the lack of complete documentation in the previous studies, and because none used all the assumptions the GAO agreed to use, the GAO made its own estimate of long-term and short-term budgetary impacts that could result from a return to the draft. The GAO found that the largest portion of these savings would result from the reduction in basic pay for first-term personnel and the substitution of first-term personnel for careerists. The GAO found that the second largest source of savings would result from reduced outlays for military retirement, which would result from a smaller career force. However, the GAO also cited offsetting costs of lost income taxes, and costs for additional training, activation of the Selective Service System and additional travel. The GAO concluded that estimated budgetary savings are sensitive to the size of the assumed cut in pay, but largely insensitive to other key assumptions. The GAO also concluded many of the changes in cost and force structure (such as reduction in retirement costs or reduced reenlistment bonuses) would not come about for many years. The GAO estimated that, in the first year, a draft would result in net budgetary savings of $1.4 billion for the full year--about 17 percent of the eventual estimated annual savings of $7.8 billion. (p. 4, pp. 31-48/GAO Draft Report)

Now on pp. 4, 20-30.

- DoD Response: Nonconcur. While the main effect documented by the GAO -- that substitution of large numbers of personnel with fewer than two years of service for career personnel would appear to save budget dollars -- is not disputed, it is erroneous to attribute these savings to conscription. If fewer career personnel could achieve the mission, substitution of junior personnel could be achieved without resorting to a draft. The Department has contracted research to estimate the costs and savings associated with three different career/first term force mixes under draft and volunteer strategies. Because a consensus on the best way to assess differential effectiveness has yet to be reached, three approaches have been used to cost each of the alternative force structures considered. Two were examined

See comment 9.

because they have been used in several previous studies of these issues. They are the trained-manyear approach (that assumes all personnel with more than six months of experience are equally effective) and the qualified-manyear approach (that assumes all personnel who achieve initial skill qualification are equally effective). These approaches share the common limitation that they tend to undervalue personnel productivity gains associated with experience. A third method, the productivity-weighted-manyear approach, assumes productivity gains continue through the initial four-years of service. Although research suggests that experience on the job continues to contribute to productivity gains beyond the initial term, a continuous productivity growth model was not developed as the study design addresses returns from increased experience through the alternative force mixes evaluated. Preliminary results demonstrate the volunteer strategy is less costly for a given force structure when ability is adequately valued. For reasons already stated (see DoD response to Finding H), the Department of Defense cannot support a conclusion that an adequate conscripted force will actually save dollars.

- FINDING J: Impact of a Draft on Force Effectiveness. The GAO reported that, according to the experts it interviewed, the active enlisted force under a draft would be less effective than the current force, for the following reasons:

  - First, a larger portion of the force would be involved in overhead activities (training or travel).

  - Second, draftees and draft-motivated volunteers are less likely to reenlist; consequently, the level of experience in the force will decrease. (The GAO estimated that the career content of the force would decline by 26 percent, from about 50 percent of the active enlisted force today, down to 37 percent.)

  - Third, with a smaller cadre of career personnel, the implementation of a mobilization surge may be more difficult, because there would be fewer experienced personnel available to train new, inexperienced personnel.

  The GAO observed that the degree to which the loss of experienced personnel would affect force effectiveness is uncertain. The GAO noted the assumption that enlisted personnel are "effective" after 24 months of service more closely corresponds to findings from preliminary research on military labor productivity growth, but the GAO used varying periods of 6, 12, 18 and 24 months in its estimates of the total size force that would produce as many effective members as the current force. The GAO reported its analysis indicates that, if force effectiveness is measured by the

number of personnel with over 12 months of service, the draft force results in net long-term budgetary savings of about $4.0 billion. If, however, 24 months are required to become fully effective, the all-volunteer force is less expensive than the draft by about $2.6 billion. (pp. 4-5, pp. 48-54/GAO Draft Report)

Now on pp. 4, 30-34.

- DoD Response: Partially Concur. The Department agrees that a return to conscription would have a significant and negative impact on force capability and readiness. However, the magnitude of these impacts has not been quantified in the GAO analysis. Although the technology to develop definitive analyses of the relationship between resource inputs and effectiveness outputs is not currently available, it is important to develop some assessment of the order of magnitude these effects would have. Based upon the Army study of tank crew effectiveness discussed earlier, a return to the quality mix in the youth population could result in a requirement for 370 additional M-1 tanks (at an FY 1988 cost of $1 billion) and an end strength increase of 2,000 people. This estimate does not include any reduction in experience levels that would be expected to accompany a return to conscription or the impact of reduced motivation draftees would likely possess. It also excludes any consideration of the additional costs associated with deployment of these tanks. These costs are significant in relation to the magnitude of projected budget effects of a return to conscription. A second concern is the feasibility of the labor substitution proposed. For example, the number of personnel that can be assigned to a ship is fixed by bunk space. Labor substitution will not increase this physical limitation, unless some of the equipment installed to reduce personnel requirements is also removed. Consequently, a decline in the average ability of crews could only be compensated by an increase in the number of ships deployed or acceptance of reduced capability.

See comment 10.

- FINDING K: Costs to the Civilian Economy. The GAO reported that, although it did not independently estimate the magnitude of the economic costs of a draft (i.e., resources lost to the civilian economy), updating data from previous studies showed that the costs could range from about $3 billion to $9 billion annually. (p. 5, pp. 54-56/GAO Draft Report)

Now on pp. 5, 34-35.

- DoD Response: Concur. While DoD did not independently validate these cost estimates, they must be considered in any decision to move toward conscription.

- FINDING L: Force Manning in Other Countries. The GAO reported that countries currently drafting their armed forces (West Germany, France, and the Soviet Union) have experienced significant ground combat and, therefore, have larger standing forces, proportionately more manpower in

Now on pp. 5, 36-41.

their armies, shorter terms of service, and more developed reserve structures than insular countries (Canada and the United Kingdom), which rely on volunteers to meet their manpower requirements. The GAO noted that, in contrast to the 24 months of active service GAO assumed for U.S. draftees, the draftee term of service is 12 months in France, and 15 months (currently) in Germany. (p. 5, pp. 57-66/GAO Draft Report)

See comment 11.

- DoD Response: Partially Concur. It is not clear from the report whether the GAO intends its comments to describe the structure and numerical composition of standing forces, or their effectiveness. Site visits by Department personnel do not support the conclusion that West Germany has a "more developed reserve structure" than the United States. Conscripted forces, even when numerically superior, are not necessarily more effective than volunteers. The British experience in the Falkland Islands is a case point. The conflict validated the concept of a highly professional standing military without conscripts, as well as training of specialized forces for rapid deployment on unique missions. The British prevailed despite numerically superior (but conscripted) Argentine forces (1.17:1). In any assessment of burden sharing, such effectiveness considerations bear close attention.

RECOMMENDATIONS

- NONE

The following are GAO's comments on the Department of Defense letter dated January 8, 1988.

GAO Comments

1. Several assumptions are required in estimating the percentage of qualified and available youth the military needs to attract or to draft. The difference between DOD's estimate that 5 percent of the youth population would be required to serve in 1995 and GAO's estimate that 1 out of every 9 (or 11 percent) would be required to serve in 1993 (see note 16) is due largely to the use of different base population assumptions. DOD used 18-24 year olds as the base population—the target recruiting group for the volunteer force—and GAO used 19-year-olds as the base—the target group for any future draft. By way of contrast, one military manpower expert (Martin Binkin, Military Technology and Defense Manpower, Washington, D.C.: Brookings Institution, 1986) has estimated that the military will need to ultimately attract 55 percent of each group of those turning 18 in the early 1990s, assuming that those who remain in college into their third year are unavailable because they have a low propensity to enlist.

2. Copies of the Joint Services and the Rand studies were requested by GAO but were not provided because they were still in draft form.

3. In discussions after these comments were provided, DOD officials explained that $10-15 billion was intended to provide an order-of-magnitude estimate of the costs of returning to conscription if (1) force size was increased to produce the same number of personnel with 24 months of experience as today's force, (2) economic costs were taken into account, and (3) savings from changing the career content were excluded.

4. Preliminary results of this study were requested but not provided.

5. GAO did not report that drafting a capable force costs more than an equivalent volunteer force. Rather, because of the lack of agreement on how to measure equivalence, GAO reported a range of cost differences based on how long it might take a new service member to become fully effective.

6. In commenting on an earlier GAO report (FPCD 78-11, Feb. 6, 1978), DOD agreed that the large first-term pay raise in 1971 was enacted to help transition to the volunteer force rather than to provide reasonable compensation (see note 10).

7. One of the experts GAO consulted believes that the early 1970 reenlistment rates may be closer to a "worst-case" than a "best-case" analysis because the quality of life changes, and changes in working conditions due to the volunteer force transition had not been fully implemented at that time.

8. DOD's estimate of the extent to which black accessions exceed their representation in the youth population should be 33-1/3 percent, not 5 percent, that is, the percentage by which accessions are in excess of the population representation is determined by subtracting the population representation percentage from the accession percentage, then dividing the difference by the population representation percentage. Alternatively, DOD's text could have read "...accessions exceed their representation in the general population by about 5 percentage points" (correct wording underscored).

9. Preliminary results from this research were requested by GAO but not provided because they were currently in draft form.

10. DOD officials stated that these estimates were for illustrative purposes only and therefore were not documented.

11. GAO's characterization of the reserve structure in the countries that draft as "more developed" was not intended as a comment on effectiveness. Because drafting creates much higher turnover, these countries will always have larger reserve structures.

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